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Automotive News®

January 12, 1987

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'87 forecast: U.S. growth slow, steady

The verdict is unanimous. Economists for General Motors, Ford Motor Co., Chrysler Corp., Dana Corp., Eaton Corp. and Chase Econometrics say the U.S. economy in 1987 will be similar to that of 1986, with slow but steady growth.

As far as the auto industry goes, these corporate money-minds predict strong sales of new vehicles, but weaker than last year — more on the order of 15 million units in 1987, compared to 16 million in 1986.

Interviewed for the Automotive News Economic Forecast '87 Extra in this issue, all of the economists expect slow U.S. economic growth in 1987. Most believe the first half of the year will be sluggish as tax reform takes effect, but will pick up in the second half.

Those interviewed included: David C. Munro, GM; John V. Deaver, Ford; Donald P. Hilty, Chrysler; William F. Prebe, Dana; Adrian T. Dillon, Eaton; and Edward Sullivan, Chase.

They predict economic growth, as measured by gross national product, will be about 2.5 percent this year.

Noting that slower growth means inflation with stagnant interest rates, the economists, on average, expect inflation to grow by about 3.2 percent in 1987, with interest rates remaining flat or dropping slightly.

They also see little change in unemployment, forecasting that it will remain at about 7 percent or decline a bit this year.

The economists also look for further depreciation of the dollar in 1987.

The most debatable subjects among the economists are consumer sentiment and import sales.

see ECONOMISTS, page 24

No. 1 car: Celebrity

TOP SELLING CARS

1. Celebrity — 408,946
2. Escort — 402,181
3. Cavalier — 357,112
4. Cutlass Ciera — 329,930
5. Accord — 325,004
6. Tempo — 265,382
7. Taurus — 263,450
8. Olds 88 — 261,260
9. Century — 240,747
10. Civic — 235,801

No. 1 truck: Ford F-Series

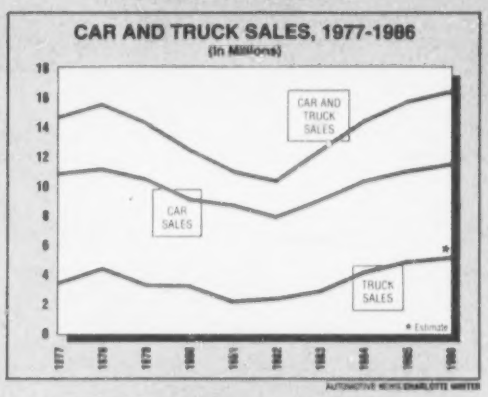
SALES RECORDS GALORE

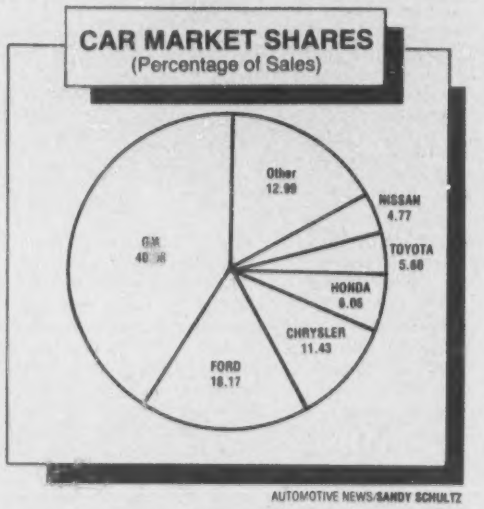
Cars — 11,452,310
Trucks — 4,860,000
Cars & trucks — 16,312,310
Import cars — 3,237,647

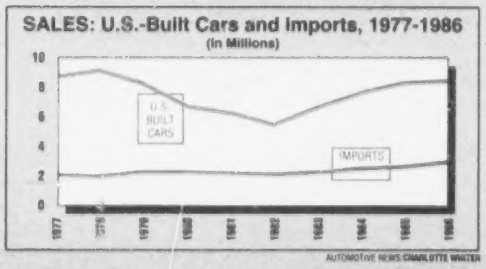
(But domestic car sales were the 12th highest — 8,214,663)

Complete details — Pages 42-43

1986 SALES AT A GLANCE







GM will sell bus works to Greyhound

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — General Motors is selling its bus operations to Greyhound Corp., Automotive News has learned.

Authoritative sources confirmed the sale. An official announcement is likely within the next week or so.

The sale has been handled by Salomon Brothers, New York, on a high-bid basis.

Greyhound Corp., based in Phoenix, Ariz., had the money, the bus-building expertise and the management to pull off the deal.

Its manufacturing operations are headed by John Nasi, a former General Motors executive.

Greyhound Corp. is selling its Greyhound Bus Lines for $350 million in cash, securities and royalties to an investment group led by Fred G. Currey, of Dallas. The deal is expected to be completed by March.

Currey is chairman of Buslease Inc., which owns and manages a fleet of 1,100 buses which it leases to other companies.

Greyhound is retaining its Motor Coach Industries, or MIC, bus-manufacturing operations in Winnipeg, Manitoba and Pembina, N.D., and the Transportation Manufacturing Corp., or TMC, manufacturing operations in Roswell, N.M., as well as the Greyhound Lines of Canada and some other operations.

MCI and TMC build large intercity buses for the Greyhound Bus lines and other companies.

Outside sales are handled by Hausman Bus Sales & Parts Co., of Des Plaines, Ill.

Greyhound's current manufacturing/sales operation does not compete with GMC's transit business.

GM will sell all the tooling, rights and everything else, except its real estate, as part of the Greyhound deal.

GM employs 550 people in its bus operations in the Pontiac Central plant in Michigan, where it has been building about six coaches a day.

It currently has enough backorders to take it well into 1987.

GM also has a separate Canadian bus opera-

see BUS, page 44

Readings mixed for Europe's automakers

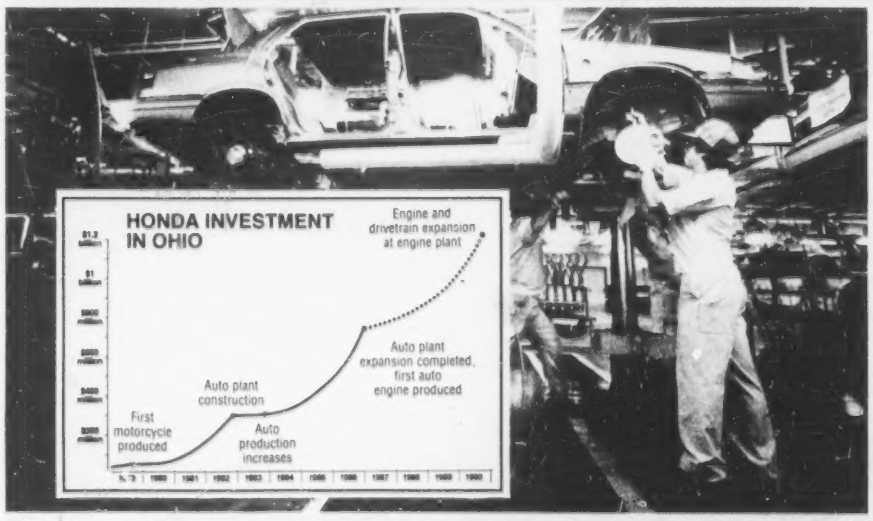
By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — The collapse of the dollar could depress profits for Europe's specialist automakers in 1987 while earnings among volume producers stabilize after a period of growth.

But though industrywide profits are expected to decline slightly, there may be only one major independent group operating in the red this year — Britain's Rover Group — compared with four in 1986, five in 1985 and six in 1984.

In particular, the strength of the

see EUROPE, page 20


HONDA INVESTMENT IN OHIO
Engine and drivetrain expansion at engine plant
Auto plant expansion completed, first auto engine produced
Auto plant construction
First motorcycle produced
Auto production increases

EXPAND

Honda to produce more U.S. componentry

By Louise Kertesz
AUTOMOTIVE NEWS STAFF REPORTER

COLUMBUS, Ohio — Honda Motor Co. will expand engine production and begin manufacturing transmissions and suspension and brake parts in Ohio to supply its Marysville plant.

The development comes as U.S. automakers have been streamlining — and in some cases jettisoning — component operations to become less vertically integrated.

Honda calls Marysville, which produces the Accord and Civic, "the most integrated motor vehicle manufacturing facility in the United States."

see HONDA, page 41

NEWSPAPER

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us buying U.S. importer Page 3

GM expected to begin incentives Page 3

Democrats try again on trade bill Page 6

Lotus buying U.S. importer; GM hands off

By Richard Feast
and Kathleen Hamilton
AUTOMOTIVE NEWS STAFF REPORTERS

Group Lotus, General Motors' U.K.-based sports car company, will announce today (Jan. 12) that it has acquired control of its previously independent U.S. importer.

The friendly buyout is part of a 55 million pound ($80 million) six-year investment and expansion program for Group Lotus approved by the Lotus board in October.

One year ago, GM began purchasing Group Lotus stock, committing itself to purchasing 100 percent of the company for $33 million. Negotiations between Lotus and its U.S. distributor began in June 1985, before GM's acquisition of the British carmaker.

No financial details are being made public, but it includes a buyout of all 46 limited partners of Lotus Performance Cars, L.P., the U.S. importer-distributor. An outside source estimated the sale at between $16 million and $27 million.

The new company will be known as Lotus Cars USA Inc. It will operate from the old Lotus Performance headquarters in Norwood, N.J.

John A. Spiech, president and chief executive officer, is leaving the company immediately but amicably. Chairman Wesley C. Fredericks Jr. is staying on "indefinitely" and will add the title of chief executive. At least two marketing people will be added — but from the import-specialty car business, not from GM, Fredericks said.

He and Michael J. Kimberley, chief executive officer and managing director of Group Lotus, stressed the new U.S. company will remain independent of GM. That has been GM's policy with Lotus, as well. Two GM vice presidents sit on the Lotus board as non-executive directors, but apparently continue to make few operating decisions.

It has been GM's money that has made the biggest impact on the British carmaker and designer — allowing it to progress with long-overdue models, with plans to build a new plant and to expand the staff that performs contract engineering for other automakers.

Similarly, Lotus Performance has already benefited from the financial strength of the giant automaker: Earlier this year, General Motors Acceptance Corp. began servicing U.S. Lotus dealers. Fredericks and Kimberley are the only officers so far on the Lotus Cars USA board.

Kimberley said the plan is to raise the present 66 dealers to about 125 by 1992. At that stage Group Lotus will be producing about 5,000 cars a year and selling up to 2,000 of them in the United States. Now, dealers in 33 states are selling the $56,000 cars.

U.S. Lotus sales will remain steady until the first of its new-generation products, the moderately priced M-100, is launched here in the middle of 1989. It will sell about 180 vehicles this year, compared with about 140 in 1986, he said.

Lotus Performance Cars, L.P., was formed in 1982 by Fredericks, a car enthusiast and Wall Street lawyer who had represented Lotus. The marque had been selling poorly in the United States under its own import and distribution network, and fared no better when it enlisted Rolls-Royce to distribute the cars in the U.S.

Fredericks hired Spiech, at the time in Ferrari's top U.S. spot, and set up a limited partnership to import and distribute the fiberglass-bodied sports cars. In exchange for an investment of $100,000, the 46 partners received the first Lotus Turbo Esprits in the United States, a $15,000 tax deduction and, within a short time, a profit.

But Fredericks said Lotus Cars recognized early that the higher-volume moderately-priced car would make heavy demands on the U.S. company. That, coupled with the desire by U.S. operations to participate more in design, led to the acquisition talks.

AMC to revamp Kenosha for Omni and Jeep

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

American Motors is expected to announce today plans for a multi-million-dollar renovation of its aging Kenosha, Wis., plant to bring in subcompact Chrysler cars and new Jeep products.

Wisconsin officials, including newly elected Gov. Tommy Thompson, were negotiating with AMC representatives last week for a state aid package to renovate the Kenosha plant and provide training funds for workers.

The Kenosha plant dates back to the turn of the century. An AMC spokesman said the company wants to transform the plant into a more efficient operation to bring in new products.

Those products include Chrysler Motors' Dodge Omni and Plymouth Horizon models and a new line of Jeep products.

Under the current proposal, AMC will expand and modernize its main plant in Kenosha while continuing to build the Renault Alliance and full-sized Chrysler M-body cars in that facility until 1989. Omni-Horizon models will be built at an AMC-leased plant on Lake Michigan in Kenosha.

When the renovation of the main plant is completed, AMC will replace Alliance and M-body production with the Omni-Horizon and a new line of Jeep products.

AUTOMOTIVE NEWS JOE WILSSENS

William E. Hoglund, GM vice president in charge of B-O-C

LINKUP: *Cadillac regains operating control*

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — Cadillac will regain control of the engineering and manufacturing of most of its models in an effort to restore Cadillac's image as a world-class car company.

William E. Hoglund, General Motors vice president in charge of the Buick-Oldsmobile-Cadillac Group, announced last week Cadillac will merge with the B-O-C Detroit Product Team.

The move makes Cadillac a full-fledged car company again, at least as far as some of its product line is concerned. Cadillac and other GM divisions had control of their engineering and manufacturing taken away under GM's corporate reorganization of three years ago.

After the reorganization, Cadillac was responsible for only the marketing of its cars. The Detroit Product Team was responsible for the engineering and manufacturing of the heart of Cadillac's model line, including the Eldorado, Seville, Fleetwood Brougham and the Allante. The cars represent about 40 percent of Cadillac's sales. The team is also responsible for the Oldsmobile Toronado and Buick Riviera.

Hoglund said reuniting all those functions under Cadillac will streamline operations by eliminating duplicate staffs and link marketing more closely with car development, which will cut lead time on new models. No layoffs are expected.

Executives called the organizational change a natural evolution

see CADILLAC, page 41

GM to join Ford, Nissan, Mitsubishi with incentives

By Edward Lapham, Michelle Krebs and Jesse Snyder
AUTOMOTIVE NEWS STAFF REPORTERS

General Motors is expected to institute a new round of retail incentives on selected models, perhaps as early as the end of this week.

Each division will be given flexibility to set its own program, according to one source, although the Fourteenth Floor will ultimately approve the programs.

Although no final decisions had been made by the end of last week, the options available to the divisions included price rollbacks on selected models, dealer cash incentive programs and special equipment packages.

Annual percentage rate financing, used heavily in the past, apparently is not on the list.

GM seemingly plans to stick to its promise of not offering across-the-board incentive programs in 1987.

Its approach is decentralized: Each division will decide what will work best to meet its objectives. "They (corporate marketing staff) asked us to submit our ideas beginning in December," the source said.

There was no GM response to the Ford low-interest financing program announced last week. That program offers a choice of 3.9 percent to 9.9 annual percentage rate financing or a cash rebate of up to $600 on Ford Ranger and Bronco II trucks.

The Ford program runs on delivered vehicles until Feb. 28. It offers a sliding scale of 3.9 APR for up to 24 months, 5.9 APR for up to 36 months, 7.9 APR for up to 48 months or 9.9 APR up to 60 months. The cash option is $500 on all 1986 or 1987 Ranger models or $600 on all Bronco II models.

Chrysler Motors, which launched a Nov. 21 to Jan. 20 3.9 APR or rebate program on Dodge Trucks and K-body cars, held pat.

However, two importers upped the ante.

Nissan last week started its first cash-to-dealers incentive program on cars since 1982 to boost traffic and trim a 68-day supply of inventory.

The program began Jan. 7 and runs through April 2. Dealers can receive up to $600 per vehicle on 1986, 1986½ and 1987 Sentras, Stanzas (excluding wagons) and Maximas, depending on sales volume.

The incentives have three levels. A dealer receives $300 per car for achieving the basic quota, $100 per car for achieving a higher volume, and $200 a car for meeting a third sales goal.

To support the program, Nissan is boosting its first quarter national advertising spending 20 percent above that of the 1986 fourth quarter, normally the heaviest quarter of a model year.

The last time Nissan offered cash to dealers on cars was in 1982 and

see INCENTIVES, page 41

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61st year—No. 5162

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Portugese 4wd slated for sale in U.S.; Peck involved

By John A. Russell
AUTOMOTIVE NEWS STAFF REPORTER

NEW YORK — A Ford-powered Portuguese four-wheel-drive vehicle will be imported into the United States next year by a new automotive company whose executives include Raymond A. Peck Jr., former head of NHTSA.

The company, Universal Motors of North America, headquartered here, was formed a little over a year ago, according to President James J. Lawler. Lawler is a former marketing executive with Volkswagen of America.

Peck is executive vice president and general counsel. Hugh Burgess, former vice president and chief operating officer of Peugeot Canada, is Universal's senior vice president for Europe. Among plans are:

- The Portuguese vehicle, to be called the Indian and manufactured by Uniao Metalo Mechanica (UMM), will be powered by the 3-liter Ford V-6 engine and five-speed transmission currently offered in Taurus and Sable models. The use of the U.S.-made engine marks the first time the powerplant will be available in a non-Ford product.
- Universal is test marketing another four-wheel drive made by Gruau in France.
- The company also plans to import a British sports car, which the Universal Motors officials would not identify.

Lawler and Peck said Universal Motors has a five-year development plan to import and market specialty vehicles. Lawler said the company is looking into several niches, including vans, sports cars, four-wheel-drive vehicles, motorcycles and military vehicles.

Lawler said an aerodynamic minivan is currently in the wings but would not reveal details.

Volume goals, according to Lawler, depend on the niche and could range from as little as 500 units to as many as 50,000.

Lawler said several major announcements will be forthcoming in the next few weeks concerning other contracts the company is negotiating. He would not reveal the content of these negotiations or identify the companies.

Universal will operate through franchised dealers.

Peck said the company will be careful about dealer recruitment and wants dealers who can demonstrate performance.

As vice president of dealer development, Universal has appointed Michael A. Caruso, vice president of Country Ford on Long Island.

The Indian would be marketed through a Universal subsidiary, Indian Motor Co. Universal bought the rights to the old Indian motorcycle company names and logos.

That company was a major force in the motorcycle business until the early 1950s and it still has a high level of recognition.

The Portuguese Indian will be offered in two models: base and luxury. While prices have not been established, it was suggested they would be in the $14,000-$18,000 bracket.

The UMM vehicle has been available in Portugal for seven years. It originally was designed for NATO general purpose use and is being modified for U.S. consumers, including installation of an automatic transmission and leather interior.

RVIA picks Stempel as keynoter

Robert C. Stempel, General Motors executive vice president — Worldwide Truck and Bus Group and Overseas Operations, will be the keynote speaker at the Recreational Vehicle Industry Association's annual meeting March 1-5 in Honolulu.

Stempel will deliver his address March 4, following RVIA's chairman's reception and dinner.

RVIA also said that with $172,590 in contributions from corporations and individuals representing all segments of its industry, the association exceeded its fund-raising goal for market expansion.

The association's RV Market Expansion Program campaign was launched prior to its national show in Atlanta. A goal of $150,000 had been set. The money will be used to promote the RV market.

The money came from 477 contributors, according to David J. Humphreys, RVIA president.

RVIA also announced that The Nashville Network's TV series, "Wish You Were Here," has been renewed for a second season and will begin airing in April.

The program is hosted by country musician Kenny Price and his wife Donna.

Meanwhile, 12 RV industry executives were appointed or reappointed RVIA committee chairmen for 1987.

Scott Chapman, president of Bivouac Industries, Vandalia, Mich., will chair the Custom Van Conversion Manufacturers Committee.

Appointed chairman of the Lawyers' Committee was Robert Barefield, general counsel, ElDorado Motor Corp.

RVIA's Marketing Committee will be chaired by James Sheldon, director of marketing, Fleetwood Enterprises, Riverside, Calif.

Gene Stout, executive vice president, Coachmen Industries Inc., Elkhart, Ind., was appointed Public and Legislative Affairs Committee chairman.

Mel Adams, vice president and general manager of Coleman Co.'s RV Group, Wichita, Kan., will head the Nominating Committee.

Robert B. Lee, president, Country Campers Inc., Junction City, Ore., has been reappointed Western Show Committee chairman.

Robert R. Rawlings, vice president, CIT Financial Services, Livingston, N.J., will continue as Finance Committee chairman.

RVIA's National Show Committee will be chaired again by Steve Krivian, director of corporate marketing services, Thor Industries, Jackson Center, Ohio.

B.J. Thompson, president, B.J. Thompson Associates Inc., Mishawaka, Ind., has been reappointed chairman of RVIA's Public Relations Committee.

Mike Mitchell, president, Nu Wa Industries, Chanute, Kan., will serve another term as Standards Steering Committee and Enforcement Board chairman.

RVIA's Automotive Liaison Committee will continue to be chaired by David J. Humphreys, president of RVIA.

Bob Kropf, president of Kropf Manufacturing, Goshen, Ind., has been appointed chairman of RVIA's newly formed Park Trailer Committee.

Brahma gets a new top

Brahma Inc., Grand Prairie, Texas, is offering a new model LW2 with optional side load window, rear bay window and spoiler. The company uses Dow Chemical's ROVEL polymer for high impact resistance and durability. Brahma's toppers fit nine models of full and compact-sized pickups.

Atlanta show criticized, but RVIA defends '86 site

TRUCKING TRENDS

JOSEPH BOHN

The Recreational Vehicle Industry Association's grand experiment with Atlanta as the site for its 24th annual National RV Trade Show turned into a nightmare for many suppliers and attendees.

The suppliers found themselves tucked away in small, out-of-the-way nooks and crannies on different floors and sections of the Georgia World Congress Center where they quietly and not-so-quietly fumed about the lack of traffic and exposure.

Visitors, in turn, often needed a map and a lot of determination to find anyone. Typically, a casual visitor might walk into a room, work his way down one isle and peek around a corner. If nothing jumped out at him, he would turn around and walk out.

Some suppliers felt that manufacturers were allotted too much space and sometimes had unnecessarily large vehicle displays.

And there were complaints about parties and meetings scattered so widely that it became impossible to find everyone as easily as in Louisville, Ky., the site of the 1985 show.

So, what is RVIA's reaction?

Mary Hutya, vice president of meetings and exhibits, acknowledged the supplier complaints, but defended Atlanta. And even though the convention will return to Louisville next year, she is not sure it will stay there.

Atlanta show attendance was up — or down — depending on how you look at it.

RVIA counted 8,533 people at the show, 3 percent more than in 1985. However, dealer/buyer attendance was off 10 percent.

Hutya attributed the higher head count to more "non-exhibiting" members and press coverage.

There were almost three times as many newspeople as there were at Lousiville in 1985, she said.

Why did RVIA move the show to Atlanta?

"For many years the building (Kentucky Fair and Exhibition Center) was poorly maintained," Hutya said.

"We outgrew the building five years ago. We asked for things to be done. The RVIA had to build a registration area the last two years to accommodate people coming through the show," she added, pointing out that when the Louisville show building was renovated two years ago, it actually ended up with less registration space.

"We wanted to get their (Louisville show officials) attention," she said. "We needed more space, more up-to-date space, a better maintained building. In Atlanta, we also wanted more national attention, which we got, and we also increased the amount of space for manufacturers."

Hutya said she felt that "city officials in Louisville are much more aware of our problems now and are more eager to work with us."

But she still defended Atlanta, saying that the Georgia World Congress Center was "first-class," and that it was "not fair to judge a show's experience, based on one year in a new facility."

Hutya said she believed some of the supplier problems could be worked out.

She said she talked to Atlanta officials about not using so many little rooms and using the ballroom to handle most of the suppliers.

"They (Atlanta officials) seemed willing to do that," she added. "If you put suppliers in a centralized location, that would solve many of their problems."

She also said that going back to Louisville would not solve everyone's problems. She cited past complaints about overcrowded aisles that didn't give sellers a chance to sit down and talk to customers, and she also recalled that Louisville's center arena had accommodated only 220 out of 550 supplier booths in 1985.

That meant a lot of suppliers were crowded into meeting rooms and far corners of the building.

Hutya concluded that most manufacturers at Atlanta, even if they weren't happy with the total number of people, were happy with the people they did see.

"They were writing business," she added, citing one manufacturer who called it the "best show" he'd attended and another who signed eight new dealers.

Chevy gain

Burger expects to sell 100,000 RVs, second-highest total for a model year

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

ATLANTA — Chevrolet expects to sell more than 100,000 recreational vehicles during the 1987 model year, only the second time it has topped that mark.

Robert D. Burger, Chevrolet general manager, said Chevrolet has seen additional strength in the RV market the past few months, prompting the division to project an improvement over the 95,000 RV units it sold in the 1986 model year.

Chevrolet set an all-time record of nearly 150,000 RVs in the 1984 model year. The strong sales were the result of the return to the market of buyers who deferred purchases in the late 1970s and early 1980s because of high fuel prices and a recession.

Speaking at the 24th annual National RVIA Trade Show here, Burger said, "We're particularly encouraged to see the industry's new marketing approaches to today's sophisticated buyer."

Chevrolet has marketing approaches of its own.

Its "Chevy Outdoors" publication, designed to attract buyers to the RV lifestyle, was launched in January 1986 and now has circulation of nearly one million.

Chevy Outdoors will feature special sections on popular outdoor sports, including a fishing section in the spring, boating in the summer, field sports in the fall and snow sports in the winter.

Eighty separate mailing lists are used to distribute the magazine to wider audiences. Each recipient initially receives a copy with a reader response card. Readers who choose to continue receiving the publication get a one-year free subscription.

Chevrolet manufactures RVs for all three categories of self-contained units, combination units and towing units.

Its self-contained RVs include the Class A motor home chassis, Class C Chevy Van cutaways, full-sized vans and Astro vans.

Burger predicted Chevrolet would take more than 90 percent of the Class A segment in the 1987 model year.

The Class A motor home market is becoming increasingly popular because of the vehicle's roominess and because its price is only slightly higher than that of a Class C unit, Burger said.

He also predicted sales of 20,000 Astro van conversions in 1987, a 10 percent increase over last year.

Burger pointed out that van conversions have always appealed to buyers. Some buyers purchase them as entry-level vehicles with the thought of moving up, while others consider them an alternative to large station wagons.

Chevrolet's combination units — those with dual uses — include S-10 pickups, full-sized pickups and the El Camino.

Tow units include Chevrolet's entire light-duty truck line, where the Suburban is a particular favorite. More than 50 percent of Suburbans are bought for towing, Burger said.

October shipments increase 5%

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

Wholesale RV shipments of 29,200 in October showed a healthy 5.4 percent gain over the 1985 month.

Year-to-date, 10-month shipments of 328,100 were up 5.0 percent from the 1985 period, according to the Recreational Vehicle Industry Association.

Seasonally adjusted, wholesale sales were running at a 375,000-unit annual rate, with total calendar 1986 projected to be 5 percent ahead of 1985.

Also improving in October was the Index of Consumer Sentiment, which rose 3.6 points to 95.6. The survey is conducted by the University of Michigan Survey Research Center.

Consumers generally agree that business conditions will improve in 1987, without fear of a recession, and that buying conditions for vehicles and homes will remain favorable.

In October, shipments of 12,500 van conversions were off a slight 0.8 percent from the year-earlier period.

Ten-month van-conversion shipments of 158,600 were up a strong 13.2 percent over 1985, however.

Motor home deliveries of 5,800 were up 11.5 percent for the month.

With a 57,300 year-to-date total, they were off 5.6 percent for the 10-month period.

Retail sales of those products continued to outperform wholesale deliveries, the RVIA pointed out. In fact, year-to-date retail sales appear to be higher than wholesale shipments, indicating a decline in dealer inventory, RVIA added.

October shipments of 10,900 towable RVs were up 10.1 percent in October. The year-to-date total of 112,200 was up 0.4 percent.

While both folding camping trailers and truck campers showed unusual late-year strength, travel trailers accounted for most of the month's gain in that category.

Recreational Vehicle Wholesale Deliveries

	October 1986	October 1985	% change	10 months 1986	10 months 1985	% change
Travel trailers	7,800	7,300	+ 6.8	76,700	74,300	+ 1.9
Folding camping trailers	2,500	2,200	+ 13.6	30,100	31,300	– 3.8
Truck campers	600	400	+ 50.0	6,400	6,200	+ 3.2
Towable RV total	10,900	9,900	+ 10.1	112,200	111,800	+ 0.4
Conventional (type A)	3,200	2,900	+ 10.3	28,900	29,400	– 1.7
Van Campers (type B)	300	300	0.0	5,000	5,800	– 13.8
Chopped vans (all)	2,300	2,000	+ 15.0	24,300	25,500	– 4.7
Motor home total	5,800	5,200	+ 11.5	57,300	60,700	– 5.6
Van conversions	12,500	12,600	– 0.8	158,600	140,100	+ 13.2
TOTAL ALL RVs	29,200	27,700	+ 5.4	328,100	312,600	+ 5.0

Source: Recreational Vehicle Industry Association

Predictions for the U.S., Japan and Europe ■ Labor Outlook

Automotive News

January 12, 1987

Extra

Economic Forecast '87

TAX REFORM

1987
Internal Revenue Service
Instructions for Schedules A, B, C, D, E, F, and SE
Instructions for preparing Form 1040
From the Commissioner

Its impact on dealers and automakers

By Geoff Sundstrom

New-car sales in the first few months of 1987 ought to tell automakers and dealers a great deal about how tax reform will affect their business this year and next.

That's because most taxpayers are now calculating the amount of tax money they will owe the government and how much money they will take home under provisions of the Tax Reform Act of 1986.

Although the Tax Reform Act requires that the new W-4 forms be submitted by Oct. 1, 1987, the IRS is advising employees to submit the new form to their employers as early as possible in 1987. Failure to do so, the IRS warns, could result in substantial under- or over-withholding — and over-withholding could lead to additional taxes owed at the end of the year or, worse, tax penalties.

Because of the government's early-warning signal, an Internal Revenue Service spokesman tells *Automotive News*: "We expect most taxpayers to file

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TAX REFORM

Continued from cover page

W-4s early in the year. For many people it'll be the first indication of whether they're winners or losers under tax reform."

And that would have a bearing on auto sales and production, for — theoretically, at least — the more winners among the nation's taxpayers, the more potential new-car buyers will trek to dealer showrooms throughout the year.

As things look now, the impact of tax reform on automakers and dealers should not be all that exhilarating or traumatic — although there is good news and not-so-good news.

The National Automobile Dealers Association believes most consumers will find themselves better off with the lower overall tax rates, and that car sales will benefit.

However, NADA cautions that low-rate financing and other incentives offered by automakers last fall may have stolen sales from early 1987.

Agreeing with that is Chase Econometrics, Bala Cynwyd, Pa., which believes changes in the tax code caused a shift of 150,000 vehicle purchases out of 1987 and into the final quarter of 1986.

That occurred, Chase maintains, because car buyers sought to maximize consumer-interest deductions and use sales tax deductions before the end of 1986. The Tax Reform Act eliminates the sales-tax deduction entirely and phases out consumer interest deductions.

According to a report prepared by Chase senior economist Geraldine Feely and director of automotive services Edward J. Sullivan, "All but 20,000 (of the advance car sales were) concentrated in the luxury and large-car segments, where the sales-tax deductions can be substantial."

Sullivan says that in 1987, "The new tax code will result in a 3-percent increase in overall consumer ability to purchase new cars. But uncertainty regarding end-of-year tax liabilities will probably restrain consumer spending during the year."

	No Tax Reform				Tax Reform			
	1985	1986	1987	1988	1985	1986	1987	1988
U.S. Sales	11.0	11.1	10.7	10.6	11.0	11.1	10.6	10.8
Large Car Sales	5.0	5.1	5.0	4.9	5.0	5.2	4.9	5.0
Small Car Sales	6.0	6.0	5.7	5.7	6.0	6.0	5.7	5.8
U.S. Production	8.1	7.8	7.6	7.0	8.1	7.8	7.6	7.2
Cumulative Job Losses	—	23,940	38,610	79,100	—	21,450	37,030	64,470

The good news for the auto economy, according to Chase, is that tax liabilities will be clarified in 1988, which should push car sales up. "Our forecasts indicate a boost in auto sales of 240,000 units compared to the no-tax-reform baseline scenario," Sullivan says.

He adds: "Since quotas on Japanese imports will remain in place and the tax reform effects will limit European luxury-car gains, U.S. manufacturers should sell about 80 percent of that total, 200,000 unit sales over what they could have expected to sell in the absence of the tax-reform bill.

"But even the extra boost given U.S. auto markets will not be able to avoid the continuing retrenchment in the U.S. auto industry. Our forecasts indicate that domestic production of autos for the U.S. marketplace will continue to decline rapidly.

"The tax-reform will, however, have the effect of keeping the post-1985 decline to 920,000 versus 1.1 million units, and 64,400 job losses versus 79,100 job losses in the North American automobile industry."

Data provided by Chase project total U.S. car sales of 10.6 million in 1987 and 10.8 million in 1988. U.S. production is projected to decline, however, from 7.6 million in 1987 to 7.2 million in 1988.

According to Chase, large cars will account for 4.9 million sales in 1987 and 5.0 million in 1988. Small-car sales will total 5.7 million in 1987 and 5.8 million in 1988.

Chase estimates that without tax reform, total U.S. car sales would be 10.7 million in 1987, falling to 10.6 million in 1988. U.S. production would have remained the same at 7.6 million units in 1987, with or without tax reform. But production would fall more steeply to 7.0 million in 1988 under a no-tax-reform scenario.

Chase estimates an unreformed tax code would have moved large-car sales higher by 100,000 units in 1987 to 5.0 million units, but would have fallen to 4.9 million in 1988.

Small-car sales under the old tax environment for 1987 are the same as those projected for the new one — 5.7 million units. Also under the former tax structure, small-car sales in 1988 would have lost the 100,000 units they are projected to gain under tax reform by remaining steady at 5.7 million units.

Tax reform's impact on dealership profitability will be positive in 1987, according to a report prepared by Mark E. Battersby, a financial and tax analyst in Ardmore, Pa.

The study, *Auto Marketing and the Tax Reform Act of 1986*, predicts that automobile dealerships, "historically a high tax payer, will reap big benefits from the tax law's low corporate tax rates — enough to offset the loss of some favorable tax treatment accorded it in the past."

Battersby adds: "Perhaps best of all, the automobile dealership's customers will be better off under this bill and able to buy more of the dealer's wares.

"Car dealers will find their income taxed at lower rates, but any new equipment acquisitions (will cost) more out-of-pocket, thanks to the loss of the investment-tax credit and longer depreciable lives for equipment."

The report notes that after June 30, 1987, incorporated automobile dealerships will be subject to a top tax rate of only 34 percent, far lower than the present top tax rate of 46 percent. Individuals, whether operating as sole proprietors, partners or shareholders in a Subchapter "S" corporation, would find their income taxed at either 15 or 28 percent by 1988.

Battersby observes: "In the past, a partnership or Subchapter 'S' corporation with a tax year different from that of the partner or shareholder offered a number of tax advantages, not the least of which was income shifting."

However, he warns: "Under the new rules, a partnership would be required to adopt the same taxable year as that of the partners owning a majority of the interest.

"Also, all Subchapter 'S' corporations would be required to adopt the calendar year as their tax year unless a satisfactory business purpose for a fiscal year could be presented to the IRS."

Although tax changes of this kind may be lamentable for many dealerships, Battersby says the overall lower tax rates should still allow most dealers to come out ahead.

"This contradiction, a giving with one hand while taking away with the other hand, is typical of the entire tax bill," Battersby says. "But once all of the provisions are in effect and all of the tax rates fully phased in, the average automobile dealer should benefit. Of course, because of the complexity of these new rules, he will require the assistance of a qualified professional."

Changes in the tax law that eliminate sales tax deductions and phase out consumer-interest deductions are being touted as big gains for the consumer leasing industry.

Nonetheless, analysts are cautioning consumers about a switch to leasing.

According to Xerox's LMV Leasing Inc., which has a vested interested in selling leasing deals, "The Act does not contain a bias in favor of ownership versus leasing, or vice versa. It leaves untouched the basic advantages of open-end fleet leasing," while the cost of consumer leases may increase somewhat because of slower depreciation rules and the loss of the Investment Tax Credit.

LMV Leasing points out that the loss of sales tax deductibility and a phase-out of consumer-interest write-offs will make the cost of personal-car ownership rise. These deductions are retained, however, for those who buy vehicles for business use.

LMV's message seems to be that the new law has not changed the most important questions regarding leasing: How will the vehicle be used and what are the various leasing-purchasing options available?

The potential buyer-lessee must still consider estimated trade-in values, anticipated mileage, length of service, maintenance considerations, insurance coverage and personal-vehicle choice.

It is also important to remember that not all leases and purchasing terms are the same. Only when the questions are answered should tax considerations be allowed to swing the decision one way or the other.

The same may hold true for the Tax Reform Act and its effect — for better or for worse — on the U.S. auto market. Its true measure won't be understood until all the questions are answered, perhaps a year from now. ■

Automotive News Extra

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COMING MARCH 9: AUTOMOTIVE NEWS IMPORT WORLD EXTRA

U-M predicts fewer car sales in '87

By Michelle Krebs

New-car sales are forecast to display solid but not record strength over the next two years, according to the University of Michigan's economic outlook.

University economists Saul H. Hymans, Joan P. Crary and Janet C. Wolfe, who prepared the latest forecast, predict car sales in the U.S. will be 10.4 million units in the 1987 model year and 10.7 million in the 1988 model year.

They predict that while the overall U.S. economy will grow at a faster rate in 1987 than in 1986, car sales will be lower in 1987 than in 1986 and the auto industry will not contribute to the nation's overall growth.

As for the overall U.S. economy, the economists predict:

■ Economic growth as measured by gross national product will increase 3.3 percent in 1987. That follows an increase in 1986 estimated to come in at about 2.6 percent, although final figures for the year are not yet available.

■ GNP growth for 1988 will be 3.2 percent because of the second phase of a drop in personal income taxes under tax reform going into effect in January 1988. Further growth in 1988 is also predicted because the real trade balance is expected to hold steady.

■ Unemployment will be reduced in the growing economy. Small reductions are seen for 1987 and 1988 with the average unemployment rate expected to be 6.9 percent in 1987 and 6.7 percent in 1988. The unemployment rate for 1986 is expected to come in at about 7.1 percent.

■ Consumer prices, as measured by the personal consumption deflator, will be 3.8 percent higher in 1987 than in 1986, and be another 4.9 percent higher in 1988. Consumer prices were held down during 1986 by the dramatic decline in oil prices and a very small increase in non-oil import prices. As measured by the consumer price index, inflation will be about 4.5 percent in 1987 and 5.2 percent in 1988.

■ The growth of real disposable income, reflecting the opposing influences of higher prices and net personal income via the tax cut, is forecast to fall back to a bit more than 2 percent annually in 1987 and 1988.

■ Consumer spending will continue to boost the economy in 1987 and 1988, influenced by tax reform, which will raise household purchasing power in 1987 and again in 1988. Consumer spending also will be aided by lower interest rates.

■ Profits, including inventory valuation and capital consumption adjustments, are expected to increase to 7.8 percent of the GNP after hovering at just above 7 percent since 1984.

■ The combination of modest improvement in unemployment, output growth averaging over 3 percent and mortgage rates continuing to edge down during the next year implies continued strength in the housing market. Housing starts will continue during 1987 at the 1986 average level of 1.84 million units and will increase to 1.97 million units in 1988.

■ The trade-weighted value of the U.S. dollar will show a 9.5-percent decline in 1987, following a 22.2-percent drop from 1985 to 1986. Minimal further deterioration in real net exports, amounting to $5.6 billion, is predicted. Real net exports will hold virtually constant for 1988.

When the dollar price of non-oil imports changed little between 1985 and 1986, while oil prices collapsed, the U.S.'s real net exports declined by another $40 billion.

With the expected upturn in the dollar price of non-oil imports and stability in world oil markets, minimal further deterioration in real net exports is expected, amounting to $5.6 billion in 1987. ■

1987 ECONOMIC PREDICTIONS

	Total Motor Vehicle Sales	Passenger Car Sales	Truck Sales	U.S. Economic Growth (measured by GNP adjusted for inflation)	Inflation (measured by Consumer Price Index)	Interest Rates	Unemployment Rate	U.S. Dollar	Consumer Attitudes
David C. Munro General Motors	15.0-15.2 million	10.5-10.7 million	4.5 million	About 2½%	3.0%	Flat	Flat	Possibly a little more weakening	Remain strong, but could retreat if it moves at all
John V. Deaver Ford Motor Co.	15.0 million	10.5 million	4.5 million	2.3%	3.3%	Same level	Flat	Continued depreciation	Fairly strong
Donald P. Hilty Chrysler Corp.	14.7-15.4 million	10.3-10.7 million	4.4-4.7 million	1.7%	3.5%	Down first half; upward progress in second half	Higher in first half; lower in second half; overall slight increase	Resume depreciation somewhat	Deteriorate at a faster pace, especially in first half
William F. Prebe Dana Corp.	14.7 million	10.6 million	4.1 million	2.8%	3.2%	Slightly down	Slightly lower (6.9%)	10-15% more depreciation	Will strengthen as year progresses
Adrian T. Dillon Eaton Corp.	15.3 million	10.7 million	4.6 million	2.7%	3.0%	Down slightly, then up slightly after mid-year	Slightly lower (6.8%)	Down 10-15%	Will remain at current strong levels
Edward Sullivan Chase Econometrics	14.97 million	10.5 million	4.44 million (light trucks only)	2.4%	3.4%	Slightly down	Slightly down (6.9%)	Slight decline	Slightly softer

Analyzing the analysts

Based on predictions made in *Automotive News* one year ago, Dana Corp.'s William F. Prebe was the most accurate of six 1986 economic forecasters. Of nine economic categories, he was closest in four: passenger car sales, U.S. economic growth, inflation and value of the U.S. dollar.

General Motors' David C. Munro led in two categories (total motor-vehicle sales and truck sales). Eaton Corp.'s Adrian T. Dillon took honors with his unemployment-rate forecast and tied with Chrysler Corp.'s Donald P. Hilty in the interest-rate category.

The ninth category — consumer attitudes — wound up in a tie between Hilty and Ford Motor Co.'s John V. Deaver.

None of the economists came very close to forecasting 1986 total motor-vehicle sales (16.0 million) or passenger-car sales (11.25 million). Munro (15.0 million) was closest on the former, Prebe (10.77 million) on the latter.

Munro's forecast of 4.5 million truck sales for 1986 was nearest to the actual mark of 4.8 million.

Prebe's 2.9-percent estimate of U.S. economic growth and 3.3 percent estimate on inflation were closest to what are expected to be the final figures — 2.6 percent and 2.0 percent, respectively.

Last year's sixth forecaster was TRW Inc. economist Wynn V. Bussman, now with Chrysler. ■

Economists predict slow but steady growth for the rest of the decade

By Michelle Krebs and David Versical

Economists predict more of the same for the 1987 economy, and that's not all bad, they say.

Economists for General Motors, Ford Motor Co., Chrysler Corp., Dana Corp., Eaton Corp. and Chase Econometrics say the 1987 economy will be similar to that of 1986, with slow but steady growth. Car sales will be strong, they say, but not as strong as 1986.

David C. Munro, GM economist, says it would be "our extraordinary good fortune" to have the economy continue in the 1986 fashion of slow and steady growth.

Any surprises that GM is watching out for are not serious enough to cause a deep recession even if all of them should occur, notes Munro, who says, "We give them a less than 50-50 likelihood of coming to pass."

John V. Deaver, Ford corporate economist, also predicts slow economic growth; but he is not disappointed because slow, steady economic growth also means low inflation and low interest rates. He says, "The forecast leaves a lot of upside potential with little downside risk."

Economists figure the first half of 1987 is likely to be weaker than the second half, with the economy gaining momentum through the last two quarters of the year.

Donald P. Hilty, Chrysler's corporate economist, predicts tax reform, which took effect Jan. 1, could cause the economy to soften in the first half.

Car sales could be softer in the first half than the second, Hilty maintains, because of advanced car-buying that took place in 1986. Some sales were stolen from the first half because of aggressive incentives in 1986, while year-end buying was triggered by elimination of the sales tax deduction under tax reform, he says.

William F. Prebe, economist for Dana Corp., agrees 1987 will begin sluggishly but will get stronger as the year goes on. Even so, he's concerned by the lack of pep in the economy. His "worry list" includes housing, construction and car sales. "If demand should weaken somewhat from where it is, that could trigger a recession," Prebe says. "We need something to pick the economy up."

Edward Sullivan, of Chase Econometrics, is the most pessimistic of the economists *Automotive News* interviewed. He sees greater potential for the economy to worsen than to improve.

Sullivan believes tax reform may have triggered a fourth-quarter spending splurge as consumers tried to beat the tax changes, and such a push could leave the economy listless. "Given the fragile state of the economy," he says, "it doesn't take much to send it into a recession."

But Adrian T. Dillon, Eaton Corp. economist, argues a recession is out of the picture until the 1990s. He sees no structural reason for a recession in the next two to three years, noting that, above all, there are no constraints on the economy's ability to grow.

"If you look at past recessions," Dillon says, "they've been caused by constraints on the economy's ability to grow."

Overextended factories, a shortage of labor, high interest rates — factors that could lead to a recession — aren't a concern now, Dillon contends. He doesn't foresee any of these problems coming into play before 1989 or 1990.

U.S. vehicle market

The economists predict sales of new vehicles in the United States will be close to 15.0 million units in 1987 — about 10.5 million cars and 4.4 million trucks.

GM's Munro says the industry may not have a record year in 1987 because of a decline in consumer buying, particularly durable goods such as cars. "But we thought the same for 1986, and it turned out to be a 15-million year," he notes. "A third year of above 15 million sales is a reliable prospect, and that's extremely good."

Dana's Prebe predicts car sales in 1987 will be close to the 1986 level, even though he estimates incentives robbed 300,000 to 500,000 sales from 1987. "I don't look for the year to be that bad," he says. "By the middle of 1987 I suspect the economy will be moving along at a pretty good clip."

For the rest of the decade, he expects auto sales to progress "sideways," with car sales climbing gradually from 11.8 million in 1985 to 12 million by 1990.

Among his explanations for the slow growth in car sales are a shift from car sales to light truck sales, slower population growth and people keeping their cars longer.

Incentives

Ford's Deaver says sales will depend partly on what automakers do about incentives.

Noting that 1986 began with a major interest-rate incentive program, and incentives continued throughout the year with only small breaks, Deaver says, "If incentives are more or less of the same magnitude in 1987 as they were in 1986, that could mean our forecast for car volume is too low."

On the same note, Chrysler's Hilty expects less aggressive marketing by automakers this year. "All of the car companies will be re-evaluating their marketing strategies," he says. "We'll also be evaluating imports, especially the Japanese. I don't expect the industry will get too greedy."

Eaton's Dillon expects incentives in 1987, but more modest than those in 1986. He says GM's reduced market share last year suggests the giant automaker, which has taken the lead in incentives in the past, may again have to resort to them to hang on to market share, although the incentives won't match the low interest rates offered in 1986.

Prebe expects incentives to continue — not so much to limit car inventories, but to curb import sales.

Hilty offers a range for 1987 car sales of 10.3 to 10.7 million, noting that even his lowest estimate is not a bad car year. "The surprises will be on the upside," he says. One of the surprises may be that U.S. consumers won't be as concerned as expected about tax reform, although Chrysler isn't counting on that.

Adds Hilty: "Chrysler needs to prove to the world that this car company can come out of a recession or down-economy in good shape. So our planning tends to be on the conservative side."

Import vehicle sales

Hilty predicts import sales could slow down because of the pressure of stronger foreign currencies against the U.S. dollar.

He points out that the Japanese hedged their currencies from six months to two years to keep from raising vehicle prices as much as the yen appreciated. But those hedges expire in 1987 and the import share could show a drop.

"The domestics will have an opportunity to take penetration from imports, so the forecast is better for domestic companies than the overall numbers imply," Hilty says.

Dillon predicts imports will not capture a much bigger share in 1987. Import sales may be up by about 100,000 units, he predicts, noting that supplies of imports are climbing above 30-day levels.

Hilty adds, however, that the sum of imports and transplants — Japanese cars built in the U.S. — will continue to rise as a percentage of the total market.

Chase's Sullivan sees no leveling off of import share in 1987. He expects overall imports to increase from the 3.1-million level of 1986 to 3.35 million in 1987, with most of the increase coming from nontraditional sources including South Korea, Brazil and Mexico.

Sullivan predicts Japanese voluntary restraints, which limit the number of cars shipped from Japan to the U.S., will increase by 150,000 this year. Current restraints expire March 31. He reasons that small Japanese manufacturers have been hurt by the restraints, so the Japanese will raise the quotas to help them.

Sullivan notes, however, that the Japanese industry is going through problems of its own with slow sales in its home market and Nissan Motor Co. Ltd. reporting its first operating loss since going public in 1951. "The Japanese don't feel they have to make further sacrifices," Sullivan says.

He predicts a major issue the industry will face in the next few years is a relatively flat U.S. market with greater import penetration and increased production in the U.S. by Japanese companies.

"Everyone will be hurt by this," Sullivan says. "Domestic manufacturers will probably be hurt most." He predicts imports will hit 3.8 million units annually by 1989.

Sullivan expects the Big Three will suffer a 700,000-unit decline in annual production between now and 1990. This, he maintains, means the Big Three will have to close another three to five plants in addition to those already announced for shutdown.

Economic growth

All of the economists expect slow U.S. economic growth in 1987. Most believe the first half will be sluggish as tax reform takes effect, but will pick up in the second half. They predict economic growth as measured by gross national product will be about 2.5 percent in 1987.

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PREDICTIONS

Continued from page E11

Slower growth means inflation and interest rates will remain in check. On average, the economists expect inflation to grow by about 3.2 percent in 1987. They say interest rates will remain flat, though some expect a slight drop.

The economists predict little change in the unemployment rate, which will come in at about 7 percent for 1986. Some anticipate a slight drop next year.

However, Chrysler's Hilty is disturbed about some trends he sees in the employment picture. The average work-week, he notes, is lower than during the trough of the last recession. "This indicates a lot of people have jobs but aren't working a lot of hours," he says.

It also means disposable income, which rose only 1.5 percent in 1986, is actually dropping and will continue to do so, which will slow consumer spending.

The U.S. dollar

The economists forecast further depreciation of the dollar in 1987.

"We're still uneasy about international exchange rates," Deaver says. He notes the U.S. dollar versus the Japanese yen may be low enough, but the dollar versus other currencies, particularly South Korea's, needs to make further progress in light of large trade imbalances with the U.S.

Deaver sees further modest weakening of the U.S. dollar as a plus. "We figure we're halfway to where we need to be," he says. "We need more. If it doesn't happen, we'll have more trade-deficit problems. There's been some progress on the trade deficit, but only because of currency shifts. More changes should occur."

Consumer sentiment

Consumer sentiment, which could prove to be a key factor in the 1987 economic forecast, is a subject of debate.

Generally, the economists believe consumer confidence will remain strong, though not at record levels. But some believe there could be some retreat in confidence, leading to slower consumer spending.

One factor that will determine the consumer-confidence level is consumer reaction to tax reform. The economists believe consumers may hold off buying in the first half of 1987 as they figure out what tax reform means to them.

Chrysler's Hilty is the most concerned about consumer attitudes. He notes the University of Michigan's survey of consumer attitudes has shown a decline and the Conference Board's index has fallen to the lowest level in two years, dropping dramatically the past several months.

Says Hilty: "Consumers seem to be saying they like what they see today, but they're worried about tomorrow. They don't see themselves making more in 1987 than in 1986, which affects their spending plans."

Prebe says consumer sentiment will improve as the year goes on. In the first half, GM's announcement of layoffs and the new tax rules taking effect will be fresh on consumers' minds, he notes, "but once they realize they weren't hurt that badly by the tax reform bill, they'll be more likely to make new investments."

Issues in Washington

In last year's forecast, a lot of attention was focused on issues in Washington, including budget and trade deficits. Although there continues to be concern over those issues as they pertain to the long term, they are much less a factor in 1987 forecasts.

The economists generally expect to see some progress in both the budget and trade deficits. They agree the budget reduction is unlikely to reach the levels set by the Gramm-Rudman resolution, but some believe the budget deficit will be somewhat less in 1987 than in 1986.

"It will be the first time in a long time we've seen a decline. But more has to be cut from the budget," Deaver says.

Prebe says the trade deficit will remain at 1986 levels and not be a further drag on the economy. His reasons: a weaker U.S. dollar; stable oil prices; an overall increase in world trade; major trading partners — West Germany and Japan — buying more from the U.S.

Hilty sees little likelihood of a turnaround in the trade and budget deficits, but grants they won't necessarily impact the 1987 economic forecast. "They continue to be worrisome," he stresses, "but the effect is longer term in that they take jobs away from the U.S. They've been eating away jobs for the past six years and will continue to do so."

Beyond 1987

Looking beyond 1987 and into 1988, the economists see more of the same. And again, they say, that's not all bad.

"I see no reason for a change of course," says Munro. "By the middle of 1987 we'll be able to tell if 1988 will be slightly better or slightly worse than 1987; 1988 will depend on how quickly the patterns predicted for 1987 unfold. There's no doubt the patterns will develop as we expect in 1987. How quickly is the question."

Deaver also predicts more of the same in '88. "If anything," he says, "we'll see slightly faster growth. The longer we have slow, steady growth with excess capacity and prices and wages increasing at a slow rate, the longer the economy can continue its recovery. While recovery doesn't have a lot of steam, it doesn't seem to be running out of steam." ■

Western Europe enjoys a surge in sales — but how long will it last?

By Ian Robertson

Reports of record sales are arriving from Western Europe's 17 new-car markets. Estimates show volume in 1986 climbed nearly 800,000 units above 1985 and topped the 11-million mark for the first time in history.

Western Europe's new-car registrations are estimated at 11,287,000 units in calendar 1986, 7.3 percent above 1985's 10,517,000.

The surge in automobile demand stemmed from generally brightening economic horizons across Europe. In the wake of falling oil prices, consumers watched inflation dwindle — to negative levels in the case of West Germany and the Netherlands.

At the end of 1984, inflation among Europe's leading economies was running at an annual rate of 5.3 percent. A year later it dropped to 4.6 percent. By the closing weeks of 1986 it dwindled to 2.0 percent.

Meanwhile, a rise in average earnings continued to outstrip inflation by a comfortable margin, boosting consumers' real spending power.

At the close of 1986, average earnings across Europe's leading economies were showing a 3.9-percent annual gain — twice the level of inflation.

West Germany alone regularly absorbs almost one-fourth of Europe's new-car sales. Demand there boomed throughout 1986, with the earnings-inflation ratio playing a key role. Registrations in 1986 appeared certain to hit record levels as buoyant West German consumers celebrated average earnings that rose 4 percent while inflation receded to a negative 1.1 percent.

Another leading European market, the United Kingdom, also was poised to set a car-sales record in 1986. Cash-rich consumers are enjoying a 7.5-percent increase in average earnings while inflation has tumbled to 3 percent.

Meanwhile, interest rates in Europe were moderate in 1986, easing credit purchases and acting as a disincentive to savers.

In West Germany and neighboring market Switzerland the 1986 economic upturn coincided with resolution of the debate over exhaust-emission standards. In 1985, uncertainties over the standards prompted many customers to postpone new-car purchases. Release of that pent-up demand sent sales soaring in 1986.

At the dealer level, intense competition has pushed Europe's new-car prices down — in many cases to their lowest level in real terms in about two decades.

At the same time, with margin-hungry exporters of Japanese cars seeking some respite from the dollar-yen ratio, price discounting is widespread. Reductions of up to 40 percent on list price are reported for some volume deals.

Dealer incentives have led to pre-registering vehicles in attempts to achieve target-related bonuses. The models are then sold as demonstrators or "cancelled fleet orders" at knocked-down prices. In addition, there are cut-price credit deals, "no-cost extras" offers and even guaranteed price buy-back arrangements from dealers.

Meantime, new-model intros are being accelerated. In an attempt to stay a step ahead of the competition, European automakers have reduced the average life cycle of volume-production models from seven or eight years to five.

Nearly half of the additional 800,000 new-car sales generated in Western Europe in 1986 can be traced to West Germany's booming market. France, Italy, the Netherlands and the U.K. accounted for one-third of the additional sales. Significant growth also was recorded by Denmark, Switzerland and the Benelux markets.

New Car Registrations in Europe by Country

(In thousands)

	1985 Actual	1986 Estimate	1987 Forecast	% change 1986-'85	% change 1987-'86
West Germany	2,379	2,740	2,500	+15.2	– 8.8
United Kingdom	1,832	1,880	1,830	+ 2.6	– 2.7
France	1,767	1,859	1,950	+ 5.2	+ 4.9
Italy	1,646	1,715	1,750	+ 4.2	+ 2.0
Spain	544	580	540	+ 6.6	– 6.9
Netherlands	496	552	520	+11.3	– 5.8
Belgium	360	396	375	+10.0	– 5.3
Switzerland	265	305	290	+15.1	– 4.9
Sweden	263	255	240	– 3.0	– 5.9
Austria	243	248	250	+ 2.1	+ 0.8
Norway	159	172	150	+ 8.2	–12.8
Denmark	157	183	170	+16.6	– 7.1
Finland	138	147	140	+ 6.5	– 4.8
Portugal	104	110	98	+ 5.8	–10.9
Greece	79	59	60	–25.3	+ 1.7
Ireland	59	57	59	– 3.4	+ 1.8
Luxembourg	26	29	27	+11.5	– 6.9
TOTAL	10,517	11,287	10,949	+ 7.3	– 3.0

New Car Registrations in Western Europe

	Thousands	% annual change
1982	10,162	+3.3
1983	10,408	+2.4
1984	10,111	–2.9
1985	10,517	+4.0
1986 (Estimate)	11,287	+7.3

Source: The Economist Publications (European Motor Business)

Only Greece, Ireland and Sweden failed to post sales gains. In Greece this is attributed to government austerity. In Sweden, record sales in 1985 were followed by a cyclical downturn. Ireland's economy remained sluggish.

Early indicators for 1987 suggest there will be a general leveling off in demand. A slight dip in European sales below the 11 million mark is forecast, with another decline in 1988.

With major markets now near saturation, a cyclical downturn is expected to follow the record 1986 sales in West Germany and the U.K. However, markets in France and Italy are not expected to peak until sometime this year.

Along with a cyclical dip in general auto-replacement demand, the post-emissions boom will tail off in West Germany this year, while elsewhere economic prospects will begin to moderate.

The outlook for oil prices remains stable. Any attempt to push prices up would largely depend on an agreed cutback in production by OPEC, and that does not appear likely. An OECD import price of $15 a barrel is expected to be maintained through 1987.

With the oil-price bonus now absorbed, however, signs are that inflation could begin to climb again in Europe, forcing consumers to reassess their priorities.

West Germany's negative inflation is expected to revert to a modest 1.5 percent increase in 1987.

In France, price controls are scheduled to be dismantled this year, but 2.2-percent inflation is expected to rise to 3 percent.

In the U.K., inflation is forecast to expand to about 5 percent from its current 3-percent level.

Among the major countries, only Italy is expected to see inflation slow down in 1987.

Meantime, official resistance to high wage settlements is growing, which is expected to reduce the increase in real earnings enjoyed in 1986. Credit-laden consumers have little further capacity to take on new commitments. At the same time, they are faced with the prospect of interest rates edging up.

In early December the Bank of France raised interest rates by 1 percent. In mid-October, the British government's resistance to higher interest rates finally gave way; the base rate was raised from 10 to 11 percent to defend sterling.

In West Germany the Bundesbank fiercely resisted pressure for lowering interest rates prior to the January elections.

Thus, Italy looks like it may be the exception this year, with further reductions in the country's high interest rates a prospect.

Exchange-rate improvements are poised to send new-car prices on some European markets reeling. After the climb of the yen, the deutschemark is rapidly gaining strength. In the U.K. this led to warnings of 15-percent price rises in the pipeline. With Germany's leading role as a component supplier to other manufacturers, the impact of this development would have a domino effect on other countries' production prices.

In West Germany there are rumblings again from the metalworkers' union, IG Metall, which earlier was responsible for bringing the country's output almost to a standstill. An opening DM 11 billion ($5.5 billion) tax cut in 1986 helped boost consumption, but now has been absorbed, and calls to bring forward outstanding 1988 tax cuts have been ignored.

In the U.K., modest pre-election tax cuts are expected in the March 1987 budget, but the underlying 7.5 percent growth in average earnings is under attack. After two years of record car sales, demand is expected to slow after the second quarter of this year.

Prominent in France's draft 1987 budget was a 27-billion franc ($4 billion) cut in corporate and personal taxation in 1987, with a further FF 23 billion scheduled for 1988. To some extent these will be offset by higher social security contributions; but a positive trend in wages-prices is expected to support continued growth in the country's car market in 1987.

With interest rates and inflation on a downward trend, new-car demand in Italy is expected to remain strong.

The inflation rate in Spain remains above average at 9.3 percent, but real growth in wages has been maintained so far. High base rates (14.5 percent) could fall, but vehicle demand was distorted by a speculative boom in new-car purchases late last year.

Apart from France and Italy, only the marginal markets of Austria, Greece and Ireland are expected to show an improvement in 1987 new-car sales. ■

DOMESTIC CAR SALES

	Dec. 21, to Dec. 31, 1986	Same Period, 1985	Dec. 1986	Same Month, 1985	Jan. 1 to Dec. 31, 1986	Same Period, 1985
Alliance	0	0	3,713	4,563	48,874	71,494
Encore	0	0	0	1,949	16,241	39,179
Total Renault	0	0	3,713	6,512	65,115	110,673
Eagle	0	0	635	1,075	7,738	12,776
Total AMC	0	0	635	1,075	7,738	12,776
AMERICAN MOTORS	2,128	4,137	4,348	7,587	72,853	123,449
Horizon	3,616	2,158	8,893	4,891	111,092	84,500
Sundance	668	0	4,464	0	18,714	0
Turismo	2,294	1,200	3,107	2,970	46,368	52,817
Reliant	4,619	3,913	12,727	10,954	130,043	138,833
Caravelle	1,160	1,127	3,265	2,438	39,138	35,954
Plymouth	598	335	1,369	640	17,443	17,627
Total Plymouth	12,955	8,733	33,825	21,893	362,798	329,731
Laser	363	1,054	827	2,539	27,762	50,957
LeBaron K	1,773	2,407	4,874	5,601	93,761	87,482
LeBaron J	541	0	822	0	831	0
LeBaron GTS	1,663	2,043	3,872	5,373	66,985	71,018
Fifth Avenue	2,556	3,405	6,571	5,844	106,897	109,010
New Yorker	1,660	1,811	4,342	4,520	57,653	57,413
Total Chrysler	8,556	10,720	21,308	23,877	353,888	375,880
Omni	3,119	1,928	7,861	4,686	97,634	71,473
Shadow	2,240	0	5,864	0	20,140	0
Charger	825	1,244	1,940	3,264	50,196	57,171
Daytona	393	1,352	942	3,197	35,768	49,533
Aries	4,296	3,836	12,118	8,799	108,051	116,284
Lancer	934	1,306	2,402	3,217	47,996	49,615
Diplomat	600	605	1,862	1,465	34,656	34,919
Dodge 600	1,757	1,424	3,736	3,622	62,336	55,330
Total Dodge	14,184	11,695	36,725	28,250	456,777	434,325
CHRYSLER CORP.	35,695	31,148	91,858	74,020	1,173,463	1,139,936
EXP	0	156	0	396	0	17,927
Escort	15,554	16,672	36,155	37,652	402,181	420,690
Mustang	5,346	4,613	11,695	10,602	167,699	157,821
Tempo	10,839	8,001	24,907	17,810	265,382	281,144
Taurus	15,284	3,305	42,930	4,056	263,450	4,056
Thunderbird	4,053	5,550	10,721	10,396	140,713	157,209
LTD	0	3,844	0	7,525	23,587	185,014
Crown Victoria	5,353	3,821	13,454	8,936	134,129	162,334
Total Ford Division	56,429	45,962	139,862	97,373	1,397,141	1,386,195
Lynx	2,002	3,187	5,152	7,068	65,497	85,871
Topaz	2,723	1,713	6,083	4,128	67,499	73,098
Sable	4,603	1,858	11,275	2,430	98,593	2,430
Cougar	3,375	3,954	7,308	8,156	114,270	119,225
Capri	961	349	1,135	896	12,647	15,389
Marquis	0	1,551	0	3,063	10,180	87,844
Grand Marquis	5,594	3,524	14,217	8,209	123,096	135,202
Total Mercury	19,278	16,136	45,170	33,950	491,782	519,059
Continental	908	846	2,455	2,007	20,629	27,679
Lincoln	7,328	3,950	17,267	10,465	133,175	117,606
Mark VII	1,225	642	3,130	1,554	23,780	19,853
Total Lincoln	9,461	5,438	22,852	14,026	177,584	165,138
Total L-M Division	28,739	21,574	68,022	47,976	669,366	684,197
FORD MOTOR COMPANY	85,168	67,536	207,884	145,349	2,066,507	2,070,392
Skyhawk	2,054	2,301	4,124	6,644	72,384	85,639
Skylark	0	0	0	151	2,522	54,513
Somerset Regal	2,347	2,876	6,290	6,823	111,744	95,098
Century	7,456	6,671	16,921	16,690	240,747	234,508
Regal	1,668	1,666	4,325	5,614	78,340	112,590
LeSabre	5,755	1,403	14,748	4,232	132,406	115,212
Electra	2,570	2,729	6,969	9,397	107,999	99,185
Riviera	611	623	1,781	1,787	23,292	48,834
Total Buick	22,461	18,269	55,158	51,338	769,434	845,579
Cimarron	624	1,039	1,531	2,356	23,435	23,754
Seville	630	635	1,936	1,612	21,150	29,034
Cadillac	7,079	8,270	19,941	18,139	235,206	187,664
Eldorado	655	934	1,783	2,361	24,266	58,310
Total Cadillac	8,988	10,898	25,191	24,468	304,057	298,762
Chevette	2,279	3,005	8,485	7,323	74,389	129,927
Nova	2,196	4,010	6,140	7,793	170,507	35,594
Cavalier	8,175	16,458	23,236	39,184	357,112	431,031
Citation	0	81	0	393	1,033	43,677
Camaro	2,860	3,963	8,135	10,335	163,204	199,985
Celebrity	14,287	9,469	36,252	24,996	408,946	363,619
Corsica/Beretta	1,500	0	7,251	0	12,879	0
Monte Carlo	2,375	2,598	6,652	7,186	111,247	112,585
Chevrolet	5,984	6,707	17,651	18,019	226,132	245,826
Corvette	819	1,212	2,338	3,161	33,027	37,956
Total Chevrolet	40,475	47,503	116,140	118,390	1,558,476	1,600,200
Firenza	663	1,153	2,500	3,694	34,113	49,580
Calais	2,584	1,603	7,265	5,927	116,018	122,810
Cutlass Ciera	10,374	7,861	23,179	20,400	329,930	333,585
Cutlass Supreme	3,673	5,020	9,472	11,841	191,937	217,504
Olds 88	5,823	2,876	15,708	9,418	261,260	188,129
Olds 98	2,975	2,482	7,967	9,612	109,370	122,421
Toronado	328	329	1,029	1,074	16,762	32,093
Total Oldsmobile	26,420	21,324	66,120	61,966	1,059,390	1,066,122
Fiero	1,864	1,979	4,034	4,022	68,340	90,303
1000	360	494	1,071	1,414	18,329	22,424
Sunbird	3,282	3,786	6,331	8,632	104,216	116,837
Firebird	2,902	2,007	6,474	5,296	94,241	100,160
Grand Am	8,739	4,368	19,936	11,736	205,254	121,273
6000	6,160	4,981	14,660	12,146	199,443	165,728
Bonneville/Gr. Prix	876	1,570	2,188	3,406	41,588	52,972
Grand Prix	0	1,406	0	2,986	35,650	57,153
Parisienne/Bonn.	3,293	1,955	8,600	4,862	74,380	69,049
Total Pontiac	27,476	22,546	63,294	54,500	841,441	796,795
GENERAL MOTORS	125,820	120,540	325,903	310,662	4,532,798	4,607,458
VOLKSWAGEN	2,873	2,668	5,558	5,836	73,912	77,535
HONDA	13,427	3,063	24,931	8,796	235,247	145,976
NISSAN	3,679	2,480	8,417	5,753	52,602	39,794
TOYOTA	2,625	0	4,179	0	7,281	0
DOMESTIC TOTAL	271,615	231,592	673,078	556,003	8,214,663	8,204,540
IMPORT TOTAL			322,235	259,207	3,237,647	2,836,973
INDUSTRY TOTAL			995,313	816,210	11,452,310	11,041,513

Car-truck sales smash record in

By Roger Rowand
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — For anyone covering news about the auto industry in the United States, 1986 was a bumper-crop year. It had everything from record sales of imports and distress selling of domestics through cut-rate financing to price increases and limited-option price leaders.

It was a spotty year, not a boom period, but one in which some sales high points were reached.

Total vehicle sales in 1986 rose to a record 16,312,310 units, up 3.75 percent from the 15,721,966 units sold in calendar 1985, according to data gathered by Automotive News.

New-car sales rose above the 11 million mark for the second year running — totaling a record 11,452,310 units against 11,041,513 units delivered the year. The previous record was 11,446,589 in 1973.

New-truck deliveries, largely a reflection of increasing versatility of the rugged vehicles and husky sales of minivans, climbed to an estimated 4,860,000, up 3.84 percent from 4,680,453 in 1985. The 1986 figure is an estimate because all medium-duty and heavy-duty numbers had not been reported at presstime.

Where the market was December, 1986

	Total Sales	Pct. of Total
SUBCOMPACT	137,554	13.82%
COMPACT	129,684	13.03%
INTERMEDIATE	245,064	24.62%
STANDARD	87,609	8.80%
LUXURY	73,167	7.35%
IMPORT	322,355	32.38%
TOTAL	995,313	100.00%

Where the market was in 1986

	Total Sales	Pct. of Total
SUBCOMPACT	1,633,792	14.27%
COMPACT	1,708,806	14.92%
INTERMEDIATE	3,013,010	26.31%
STANDARD	1,003,502	8.76%
LUXURY	855,553	7.47%
IMPORT	3,237,647	28.27%
TOTAL	11,452,310	100.00%

Final figures for light trucks were 4,601,606 in 1986, up 4.63 percent from 4,397,705 in 1985.

Sales of imported cars seemed to shoulder aside woes stemming from major switches in dollar-yen relationships. They climbed steadily through the year to close at a record high in spite of price increases that were the result of the dollar's loss against the yen.

Import sales last year by reporting makes totaled 3,237,647 units, up 14.12 percent from the 2,836,973 units sold in the preceding 12 months.

The sales total included 8,214,663 domestic cars in 1986, up 0.12 percent from the 8,204,540 units sold a year earlier.

Chrysler Motors sold more vehicles in the United States than ever before. Tom Pappert, vice president of sales, said his company was looking for a strong showing in 1987.

The company finished the year with domestic car sales at the third highest in Chrysler's history.

Said Pappert: "We have more all-new product coming in 1987. For starters, the V-6 Plymouth Voyager and the Dodge Caravan will be added to our mini-wagon line in January and the Chrysler LeBaron Coupe debuts in February with more new products each month for the first half of the year."

General Motors' car sales were the best since 1979, and Chevrolet, Pontiac and Cadillac increased sales over 1985.

"We expect 1987 will be a year of continued good business for the industry, said Claude N. Moore, vice president in charge of the GM Customer Sales and Service Staff. "The economy will continue to expand, personal income will grow and consumer confidence will remain at a high level."

Moore added: "GM will have a number of all-new vehicles in dealer showrooms between now and spring, including Chevrolet Corsica and Beretta, Pontiac Bonneville and LeMans, Cadillac Allante and the all-new Chevy and GMC pickups."

Pontiac General Manager J. Michael Losh called 1986 an outstanding year. "Not only was it our best year since 1978, it was only 56,000 sales short of our record of 897,000 set in 1985," he said.

Losh added: "Pontiac continues to be a strong force in the domestic automobile market despite fluctuating sales throughout the industry. We've maintained a strong selling posture."

Sales of the Pontiac Grand Am and 6000 set records in 1986.

Oldsmobile General Manager William W. Lane said 1986 was the fourth year in which his division has sold more than one million cars. It was Oldsmobile's second best year, topped only by the record set in 1985, he said. Rod Hayden, senior vice president and general manager, Mazda Motors of America (Central) and James Trado, senior vice president, Mazda Motors of America (East) issued a statement on their organizations' record car and truck sales.

"Strong customer acceptance of our passenger cars and trucks were responsible," they said.

Because of holiday shutdowns across the industry, December sales reports were delayed.

In the 10-day period, Dec. 11-20, domestic-car sales climbed 27.56 percent from the year-earlier period to total 210,654 units. They were up sharply against 165,132 a year earlier, but they were well below the record of 256,981 units set in mid-December 1972.

Honda led the way with a startling 107.44-percent sales gain in sales of its U.S.-built models; capacity at its Marysville, Ohio, plant was expanded this year. Ford Motor Co.'s sales rose 65.64 percent, led by Taurus and Sable. Nis-

U.S. CAR SALES BY MARKETING UNITS

	Dec., 1986	Dec., 1985	12 Mos., 1986	12 Mos., 1985
Chevrolet	127,558	127,813	1,718,839	1,685,060
Ford	139,862	97,373	1,397,141	1,386,195
Oldsmobile	66,120	61,966	1,059,390	1,066,122
Toyota	75,538	53,745	641,087	620,047
Pontiac	63,294	54,500	841,441	796,795
Buick	55,158	51,338	769,434	845,579
American Honda	74,517	49,662	693,515	552,389
Nissan	47,159	45,023	546,151	575,166
Dodge	42,575	35,072	525,462	488,788
Mercury	45,928	34,838	506,097	528,033
Plymouth	39,556	28,577	427,070	380,481
Chrysler	22,311	23,877	356,460	375,880
VWoA	21,192	22,454	277,027	292,104
Hyundai	22,412	—	168,882	—
Cadillac	25,191	24,468	304,057	298,762
Mazda	28,299	25,468	222,716	211,093
Subaru	15,468	16,246	183,242	178,175
Lincoln	22,852	14,026	177,584	165,138
Volvo	2,140	4,321	113,267	104,267
BMW	10,472	7,651	96,759	87,832
Mercedes	13,692	10,119	99,314	86,903
AMC-Renault	4,736	7,982	77,005	130,654
Saab	3,677	3,412	47,414	38,243
Mitsubishi	5,438	3,601	49,436	49,734
Yugo	4,299	1,698	35,959	3,895
Porsche	3,547	2,484	30,471	25,306
Jaguar	2,757	3,114	24,464	20,528
Isuzu	4,662	1,918	38,910	26,953
Peugeot	4,269	3,219	14,336	15,636
Alfa Romeo	574	182	8,201	4,402
Maserati	60	63	1,179	1,353
TOTAL	995,313	816,210	11,452,310	11,041,513

Chevrolet includes Sprint and Spectrum. Honda combines imports and domestics and Acura. Dodge includes Colt, Conquest, Vista. Plymouth includes Colt, Conquest, Vista. VWoA includes Audi. Nissan includes Sentras built in the U.S. Mercury includes Merkur.

IMPORTED CAR SALES

	Dec., 1986	Dec., 1985	12 Mos., 1986	12 Mos., 1985
Acura	9,280	—	52,869	—
Alfa Romeo	574	182	8,201	4,402
Audi	3,788	6,343	59,797	74,061
BMW	10,472	7,651	96,759	87,832
Chevrolet Spectrum	7,934	4,549	99,380	53,968
Chevrolet Sprint	3,484	4,874	60,983	30,892
Chrysler Conquest	1,003	—	2,572	—
Dodge Colt	4,043	5,181	48,249	39,724
Dodge Conquest/Vista	1,807	1,641	20,436	14,739
Honda	40,306	40,866	405,399	406,413
Hyundai	22,412	—	168,882	—
Isuzu	4,662	1,918	38,910	26,953
Jaguar	2,757	3,114	24,464	20,528
Maserati Biturbo	60	63	1,179	1,353
Mazda	28,299	25,468	222,716	211,093
Mercedes-Benz	13,692	10,119	99,314	86,903
Merkur	758	888	14,315	8,974
Mitsubishi	5,438	3,601	49,436	49,734
Nissan	38,742	39,270	493,549	535,372
Peugeot	4,629	3,219	14,336	15,636
Plymouth Colt	3,881	5,117	45,095	36,491
Plymouth Conquest/Vista	1,850	1,567	19,177	14,259
Porsche	3,547	2,484	30,471	25,306
Renault	388	395	4,152	7,205
Saab	3,677	3,412	47,414	38,243
Subaru	15,468	16,246	183,242	178,175
Toyota	71,359	53,745	633,806	620,047
Volkswagen	11,846	10,275	143,318	140,508
Volvo	2,140	4,321	113,267	104,267
Yugo	4,299	1,698	35,959	3,895
TOTAL	322,235	256,207	2,836,973	3,237,647

busy year

san's sales of cars built in this country rose 50.52 percent while Chrysler's rose 23.15 percent. GM deliveries climbed 11.48 percent in the 10-day period.

Declines in the middle 10 days of the month were posted by American Motors with a drop of 36.57 percent and Volkswagen's domestically built cars with a falloff of 27.29 percent.

Toyota, which began producing the Corolla FX-16 in this country in 1986 via New United Motor Manufacturing Inc., a joint venture with GM, reported sales of 933 units in the 10-day period.

For the month's closing 10 days, gains from domestic-car sales levels in the year earlier were reported by Honda with a rise of 338.36 percent in its U.S.-built cars, Nissan with an increase of 48.34 percent in its U.S.-made cars and Ford Motor with 26.10 percent. Improvements also were reported by Chrysler Motors with a gain of 14.59 percent, Volkswagen with a 6.8-percent increase in sales of its U.S.-made cars and GM with 4.38 percent.

A decline in sales was reported by AMC which had a drop of 48.56 percent in the month's final 10-day period. Newcomer Toyota reported sales of 2,825 units.

For all of December, domestic-car builders filled a mixed bag.

Strong sales improvements were recorded by Honda with a gain of 183.43 percent compared to a year ago and Nissan with 46.30 percent. Ford had a sales pickup of 43.02 percent for the month. Chrysler Motors was up 24.09 percent and GM rose 4.90 percent.

Declines were reported at 42.69 percent for AMC and 4.76 percent for VW.

DOMESTIC SALES

	Dec. 11-20, 1986	Dec. 11-20, 1985
Renault		
Alliance-Encore	965†	1,450†
AMC	145†	300†
AMERICAN MOTORS	1,110	1,750
Chrysler	6,867	7,275
Plymouth	10,595	6,966
Dodge	11,129	8,975
CHRYSLER MOTORS	28,591	23,216
Ford	42,575	24,996
Mercury	13,417	8,836
Lincoln	6,566	3,935
FORD MOTOR CO.	62,558	37,767
Buick	17,336	15,738
Cadillac	8,558	6,426
Chevrolet	39,760	35,486
Oldsmobile	21,233	21,325
Pontiac	19,076	16,074
GENERAL MOTORS	105,963	95,049
VOLKSWAGEN	1,465	2,015
HONDA	7,302	3,520
NISSAN	2,732	1,815
TOYOTA	933	0
U.S. INDUSTRY TOTAL	210,654	165,132

†—Estimate

DOMESTIC SALES

	12 Months 1986	12 Months 1985
Renault		
Alliance-Encore	65,115†	110,673†
AMC	7,738†	12,776†
AMERICAN MOTORS	72,853	123,449
Chrysler	353,888	375,880
Plymouth	362,798	329,731
Dodge	456,777	434,325
CHRYSLER MOTORS	1,173,463	1,139,936
Ford	1,397,141	1,386,195
Mercury	491,782	519,059
Lincoln	177,584	165,138
FORD MOTOR CO.	2,066,507	2,070,392
Buick	769,434	845,579
Cadillac	304,057	298,762
Chevrolet	1,558,476	1,600,200
Oldsmobile	1,059,390	1,066,122
Pontiac	841,441	796,795
GENERAL MOTORS	4,532,798	4,607,458
VOLKSWAGEN	73,912	77,537
HONDA	235,247	145,976
NISSAN	52,602	39,794
TOYOTA	7,281	0
U.S. INDUSTRY TOTAL	8,214,663	8,204,542

†—Estimate

Light-Duty December, Year-to-Date Sales

	December 1986	December 1985	Year-to-Date 1986	Year-to-Date 1985
Vans	18,714	12,622	180,395	182,079
Aerostar	15,142	7,916	150,049	30,324
Club Wagon	2,946	2,126	27,374	31,575
Ranger	21,489	19,514	269,490	247,042
Bronco	5,278	4,618	49,588	52,281
Bronco II	9,571	7,259	103,020	104,934
Pickups	43,649	38,683	544,969	562,507
Ford	**116,789**	**92,738**	**1,324,885**	**1,210,742**
Vans	8,473	11,530	134,977	150,868
Sportsvan	1,039	1,550	15,614	21,005
Astro	14,658	10,456	147,932	106,157
S-10	14,949	14,431	203,416	210,051
S-10 Blazer	12,124	16,492	159,820	187,234
El Camino	1,520	2,585	21,508	21,816
Blazer	3,102	4,432	41,893	46,298
Suburban	5,176	5,064	61,226	58,906
Pickups	32,961	37,626	443,051	476,048
Chevrolet	**94,002**	**104,166**	**1,229,437**	**1,278,383**
Vans	6,411	4,127	73,706	63,250
Ram Wagon	2,882	3,048	39,843	40,095
Voyager	11,730	9,709	110,083	106,492
Caravan	11,633	10,631	115,964	113,550
Mini Ram Van	1,160	1,757	14,587	22,785
Ram 50	7,631	5,732	78,706	70,317
Raider	1,301	0	4,768	0
Ramcharger	1,845	1,376	23,006	29,325
Dakota	10,879	0	29,045	0
Pickups	9,712	9,551	106,451	160,574
Chrysler	**65,184**	**45,931**	**596,159**	**506,388**
Vans	3,802	3,335	39,622	40,607
Safari	3,546	2,406	31,178	24,892
S-15	3,354	3,027	46,084	46,953
S-15 Jimmy	3,109	3,463	39,027	42,239
Jimmy	871	945	9,390	9,094
Caballero	165	249	2,542	2,604
Suburban	2,019	1,420	19,981	17,888
Pickups	8,469	9,878	112,799	121,435
P Model	654	285	4,665	6,482
W-4	139	69	1,292	80
GMC	**26,128**	**25,077**	**306,580**	**312,274**
Wrangler/CJ	4,059	3,627	35,334	39,067
Wagoneer	1,336	1,777	12,800	14,102
Cherokee	10,517	9,950	107,225	98,874
Grand Wagoneer	2,309	2,214	17,254	17,809
Comanche	3,028	2,886	33,386	9,557
J-10/J-20	100	189	1,515	1,980
Jeep	**21,349**	**20,643**	**207,514**	**181,389**
Toyota	35,204	32,884	384,916	329,930
Nissan	20,375	15,550	223,551	255,601
Mazda	14,742	10,125	157,127	115,464
Isuzu	9,349	7,977	88,720	78,149
Mitsubishi	3,772	1,906	34,985	26,739
Suzuki	6,795	1,607	47,732	2,646
Imports	**90,237**	**70,049**	**937,031**	**808,529**
Industry Total	**413,689**	**358,604**	**4,601,606**	**4,397,705**

*Nissan includes domestically-built units in Tennessee

Truck sales soar to peak of 4,680,000; Ford leads

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

Truck sales in 1986 set a record for the third consecutive year because of the continuing popularity of light trucks.

Overall, the industry sold an estimated 4,860,000 trucks last year, up from 4,680,458 in 1985 and 4,092,803 in 1984.

Final numbers from medium and heavy-truck manufacturers were not available.

According to manufacturers' reports, light-truck sales totaled 4,601,606 last year, up 4.6 percent from 4,397,705 in calendar 1985. The 1984 total was 3,815,728.

In the race for industry leadership, Ford recaptured the title it lost to Chevrolet in 1985. Ford sold 1,381,438 trucks in calendar 1986 vs. Chevrolet's 1,247,594.

Ford's total truck sales were up 8.6 percent from 1,271,809 in 1985.

Chevrolet's total sales were off slightly from 1,300,130 in 1985.

The F-series full-sized Ford pickup, with 544,969 sales, was the best-selling nameplate in the auto/truck industry.

Chevrolet's full-sized pickup line, with 443,051 sales, was the top-volume line at General Motors.

Jeep had its second consecutive record year with sales of 207,514, up 14.4 percent from 181,389 in 1985.

GMC's total light, medium and heavy sales of 345,047 were off from 1985's record 352,129.

Similarly, GMC's light-duty total of 306,580 was off from the record 312,274 in 1985.

Chrysler Motors, with 596,159 sales, was off by a small percentage from its 606,388 sales in 1985.

Most imports, with the notable exception of Nissan, also set records.

Toyota hit a new high of 384,916, up 16.7 percent from 329,930 in 1985.

Mazda's sales of 157,127 trucks were up by an even more dramatic 36.1 percent from 115,464 in 1985.

Isuzu hit a new high of 88,720, up from 78,149. Mitsubishi reached 34,985, up from 26,739.

And Suzuki, in its first full year on the market, sold 47,732 Samurais compared to 2,646 in 1985.

Nissan, which went through a phase-in, phase-out transition of old and new truck models last year, saw its sales fall to 223,551 from 255,601 in 1985.

Industrywide December sales were extremely strong, as many truck buyers rushed to take advantage of tax benefits before the new law came into effect.

The industry retailed 413,689 light trucks in December, up 15.4 percent from 358,604 last year.

Runaways on rise?

Safety group warns of heavier toll in '87

By Helen Kahn
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — The Center for Auto Safety is predicting more "sudden acceleration" problems in the coming year because of increased use of electronic controls in 1987 models.

In a year-end statement, the safety group said the problem has been occurring as drivers shift from park to drive or reverse in computer-equipped cars.

According to the center, sudden acceleration problems in 1986 caused 400 accidents resulting in 200 injuries and 12 deaths. Half of those, it said, were in Audi 5000 models, which, the group said, have a "runaway" rate 10 to 30 times worse than other models.

In addition, NHTSA is investigating sudden acceleration in 1982-85 General Motors J-cars, 1980-85 Nissan 280-Z/300-Z cars, 1981-84 Toyota Cressidas and the 1986 Mercedes 300-E.

While NHTSA has dropped investigation of many sudden-acceleration complaints, there are two "runaway" incidents that the safety group has asked NHTSA to consider. They are:

- On Oct. 11, 1986, Un Ha Choe, of Lexington, Ky., was killed when, for the second time that year, her 1985 Audi 4000-S allegedly accelerated unexpectedly and crashed. Audi had no immediate comment.
- On Dec. 30, 1986, a Nissan 200-SX driven by Sara McLeod of Lake Charles, La., allegedly went into reverse at a Dallas mall and killed a pedestrian.

Sam Cole, a spokesman for the Center for Auto Safety, said the Department of Transportation refused requests to investigate the 200-SX. However, Hal Paris, a spokesman for NHTSA — an arm of DOT — said a Texas A&M engineer has been directed to examine the 200-SX and report back to the agency.

Cole said his group has forwarded complaints to DOT claiming the Datsun 280-ZX and 300-ZX can suddenly accelerate out of control.

Japanese consumer groups investigating the problem blame the sudden acceleration on a faulty cruise control system in Nissan models, but the manufacturer disagrees, said Cole.

William Pauley, a spokesman for Nissan in Los Angeles, said the company is unaware of problems with the 200-SX and just learned of the Dallas accident.

"We intend to investigate to the fullest extent we're allowed, but as far as I know there is no problem with the car," Pauley said.

The safety center also said that homicide charges are pending against drivers in two Boston sudden-acceleration cases, one involving an Audi 5000, the other a 1985 Oldsmobile Cutlass Supreme. Earlier in 1986, the center said, a Chicago woman driving a Nissan Z-car was acquitted of homicide in an accident that killed two people.

Ratings plunge for GM, Smith, but soar for Ford, Petersen

NEW YORK — General Motors has taken another fall — this one in Fortune magazine's ranking of most-admired corporations. GM Chairman Roger B. Smith fell just as far — from The Gallagher Report's 1985 ranking as one of the 10 best chief executives to the newsletter's 1986 list of the 10 worst.

Meanwhile, Ford Motor Co. and its chairman, Donald Petersen, moved to the top of both publications' rankings.

GM plummeted from 16th to the 109th spot in the annual Fortune ranking of 300 companies. The poll was published in the Jan. 19 issue.

The magazine cited sagging GM profits, cutbacks in Saturn production and the planned closing of nine plants and parts of two others employing some 29,000 workers.

GM dropped in all eight attributes of reputation rated by Fortune. Most notably, GM's quality of management sank from No. 13 to No. 153.

The Fortune poll is based on the opinion of more than 8,200 business executives, outside directors and financial analysts. The individuals were asked to rank companies in their industries based upon eight measures of reputation.

The eight attributes are: quality of management; quality of products or services; innovativeness; long-term investment value; financial soundness; ability to attract, develop and keep talented people; community and environmental responsibility; and use of corporate assets.

Ford Motor Co. ranked first among motor vehicle and parts manufacturers, based on the success of its Taurus and Sable models. Ford was ranked second last year. GM had held the top spot last year, but fell to fourth this year.

Moving up one notch each from last year: Chrysler Corp. to second place, Dana Corp. to third, Paccar to fifth and Borg-Warner Corp. to sixth.

Mack Trucks, unranked last year, was No. 7 this year. Fruehauf, Navistar International and American Motors Corp. retained eighth, ninth and 10th places, respectively. AMC was the lowest ranked auto company on the full listing of 300 companies, taking the 298th spot.

The Gallagher Report, a New York-based weekly executive newsletter, said Smith was picked for its list of worst executives mainly because of the $750 million buyout of H. Ross Perot, former GM director and chief executive officer of Electronic Data Systems, and three Perot associates.

The same newsletter last year named Smith as one of the 10 best CEOs for companies with annual sales over $1 billion. In 1983, the newsletter placed Smith on the 10 worst list because GM did not recall X-cars with alleged brake problems.

Named to the Gallagher top 10 for 1986 was Ford's Petersen. The newsletter praised Petersen for Ford's consistent performance and for topping GM profits for 1986.

Eurotek/AMG in Arizona

SCOTTSDALE, Ariz. — Eurotek/AMG is the first AMG parts and installation center in Arizona. The firm will offer a complete line of AMG tuning and body enhancement products for Mercedes-Benz vehicles. AMG has U.S. headquarters in Westmont, Ill.

PRODUCTION

December build rises

By Kathy Barbaglia
AUTOMOTIVE NEWS STAFF REPORTER

Production of domestic cars last month was the highest for any December in three years.

The month's output totaled 586,025, the best December since 1983 when 614,038 cars were assembled.

December's output was 0.55 percent below November's 589,253 but 8.31 percent higher than the year-ago month's 541,031.

Automakers built 66,909 cars during the final two working days in December (Dec. 22-23).

The first week of production for 1987 was targeted at 147,166 units, 15.20 percent below the year-ago week's 173,542.

This year's total of 147,166 cars is 37.59 percent below the 235,820 completed last year at this point. Production resumed Jan. 5 this year, Jan. 2 in 1986.

Last week's scheduled output was shared as follows: General Motors, 45.64 percent; Ford Motor Co., 28.28 percent; Chrysler Motors, 16.44 percent; Honda of America Manufacturing Inc., 4.81 percent; New United Motor Manufacturing Inc., 2.85 percent; and Nissan Motor Manufacturing Co., U.S.A., 1.98 percent.

American Motors' Kenosha, Wis., plant and Volkswagen of America's Westmoreland, Pa., plant were down last week for inventory adjustment. The plants are expected to resume output today (Jan. 12).

The following GM plants will be until Jan. 19 for inventory adjustment: Flint, Mich.; Fairfax, Kans.; Pontiac, Mich. (Fiero and G-cars); Norwood, Ohio; and Van Nuys, Calif.

Ford slated overtime Saturday (Jan. 10) at its Dearborn, Mich., plant.

Saturday overtime was scheduled at Chrysler's Belvidere, Ill.; Newark, Del.; and Sterling Heights, Mich., plants. Those plants are slated for daily overtime this week (Jan. 12).

Trucks open '87 on higher note

Returning to work after the holidays, domestic truckmakers scheduled output of 75,983 units last week, 8.73 percent more than the year-ago week's 69,882.

The last two days of production in 1986 (Dec. 22-23) totaled 29,141.

December's truck build of 234,774 was 7.70 percent below November's 254,380 and 2.72 percent below the year-ago month's 241,341.

Ford Motor Co. slated overtime Saturday (Jan. 12) at its Wayne, Mich., and Kansas City, Mo., plants.

Big December for Canadian cars

December's auto production in Canada was the highest for that month in eight years.

The month's output totaled 82,894, the best for any December since 1978 when 85,377 cars were built.

December's production was 13.98 percent below November's 96,366 but was 11.07 percent more than the year-ago month's 74,634.

Automakers assembled 9,360 units in the final two days of 1986 production (Dec. 22-23).

The makers opened the year by scheduling production of 17,158 cars last week, down 9.59 percent from the year-ago week's 18,979.

The year's total of 17,158 is down 31.93 percent from the 25,205 completed at this time last year.

December's truck output of 46,943 was 3.69 percent below November's 48,746 and 18.84 percent below the year-ago month's 55,790.

Production for the last two working days of 1986 totaled 5,013 trucks.

Last week's targeted truck output of 15,781 was 13.00 percent below the year-ago week's 18,139.

CANADIAN CAR	Week Ended Jan. 10, 1987	Week Ended Jan. 11, 1986	Week Ended Dec. 27, 1986	Dec. Total	Jan. 1 to Jan. 11, 1986	Jan. 1 to Jan. 10, 1987
AMERICAN MOTORS	150	407	0	244	410	150
FORD MOTOR	11,160	11,380	4,597	37,644	15,668	11,160
GENERAL MOTORS	5,600	6,967	4,673	44,217	8,836	5,600
VOLVO	248	225	90	789	291	248
Total Cars, Canada	17,158	18,979	9,360	82,894	25,205	17,158

U.S. TRUCK☆	Week Ended Jan. 10, 1987	Week Ended Jan. 11, 1986	Week Ended Dec. 27, 1986	Dec. Total	Jan. 1 to Jan. 11, 1986	Jan. 1 to Jan. 10, 1987
CHEVROLET	22,347	24,638	8,214	67,044	35,058	22,347
DODGE	4,100	0	1,940	0	0	4,100
FORD	32,186	29,097	12,549	109,308	38,324	32,186
GMC	7,629	7,050	2,562	24,890	11,006	7,629
NAVISTAR	1,597	1,390	648	5,500	2,084	1,597
JEEP	4,044	5,655	1,589	14,141	8,077	4,044
NISSAN	1,730	2	699	5,901	0	1,730
AM GENERAL*	50	50	20	170	72	50
MISCELLANEOUS*	2,300	2,000	920	7,820	3,000	2,300
Total Trucks, U.S.	75,983	69,882	29,141	234,774	97,621	75,983

CANADIAN TRUCK	Week Ended Jan. 10, 1987	Week Ended Jan. 11, 1986	Week Ended Dec. 27, 1986	Dec. Total	Jan. 1 to Jan. 11, 1986	Jan. 1 to Jan. 10, 1987
AMERICAN MOTORS	625	0	0	967	0	625
CHRYSLER	8,964	9,175	3,067	30,606	13,068	8,964
FORD	3,496	3,627	1,289	10,044	4,809	3,496
GENERAL MOTORS	2,496	5,174	578	4,647	9,359	2,496
NAVISTAR	200	163	79	679	231	200
Total Trucks, Canada	15,781	18,139	5,013	46,943	26,467	15,781
N. American Trucks	91,764	88,021	34,154	281,717	124,088	91,764

☆—Includes window van production. *—Estimated.
Jeep includes commercial only. AM General includes government-destined vehicles.
Miscellaneous includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz, etc.
Monthly estimates may contain error of one or two units due to rounding.

U.S. CAR	Week Ended Jan. 10, 1987	Week Ended Jan. 11, 1986	Week Ended Dec. 27, 1986	Dec. Total	Jan. 1 to Jan. 11, 1986	Jan. 1 to Jan. 10, 1987
AMERICAN MOTORS	0	0	0	1,492	0	0
Renault Total	0	0	0	1,492	0	0
Alliance	0	0	0	1,492	0	0
Encore	0	0	0	0	0	0
CHRYSLER MOTORS	24,200	33,320	9,169	85,240	41,919	24,200
Plymouth Total	9,100	9,901	3,410	32,091	12,255	9,100
Horizon	3,800	3,791	1,274	12,487	4,673	3,800
Sundance	2,200	0	761	7,558	0	2,200
Reliant	2,300	4,439	1,068	9,234	5,477	2,300
Caravelle	800	1,472	307	2,812	1,879	800
Gran Fury	0	199	0	0	226	0
Chrysler Total	4,700	11,871	1,895	16,903	14,927	4,700
Laser	0	1,044	0	0	1,425	0
LeBaron	1,400	2,851	503	4,587	3,786	1,400
LeBaron J Coupe	1,200	0	425	3,464	0	1,200
LeBaron GTS	900	2,434	332	3,456	2,914	900
New Yorker/E-Class	1,200	1,808	635	5,396	2,205	1,200
Fifth Avenue	0	3,734	0	0	4,597	0
Dodge Total	10,400	11,548	3,864	36,246	14,737	10,400
Daytona	500	1,079	235	2,177	1,426	500
Omni	3,400	3,535	1,206	11,598	4,739	3,400
Shadow	2,000	0	747	6,863	0	2,000
Aries	2,800	2,709	971	9,138	3,493	2,800
Dodge 600	1,000	1,743	432	3,806	2,221	1,000
Lancer	700	1,900	273	2,664	2,171	700
Diplomat	0	582	0	0	687	0
FORD MOTOR	41,620	33,630	16,641	145,176	44,550	41,620
Ford Division	28,834	22,452	11,395	101,053	29,814	28,834
Escort	7,611	7,651	2,983	26,876	10,195	7,611
EXP	0	0	0	0	0	0
Mustang	5,330	3,910	1,766	14,817	5,140	5,330
Tempo	4,009	4,686	1,870	16,880	5,993	4,009
LTD	0	0	0	0	0	0
Taurus	9,605	2,548	3,772	34,007	3,587	9,605
Thunderbird	2,279	3,657	1,004	8,473	4,899	2,279
Crown Victoria	0	0	0	0	0	0
L-M Division	12,786	11,178	5,246	44,123	14,736	12,786
Mercury Total	8,803	7,506	3,618	29,658	9,874	8,803
Lynx	1,299	1,508	458	4,368	2,024	1,299
Capri	0	680	0	0	918	0
Topaz	1,274	1,582	330	3,557	2,011	1,274
Cougar	3,424	2,454	1,511	10,849	3,118	3,424
Marquis	0	0	0	0	0	0
Sable	2,806	1,282	1,319	10,884	1,803	2,806
Grand Marquis	0	0	0	0	0	0
Lincoln Total	3,983	3,672	1,628	14,465	4,862	3,983
Continental	397	509	162	1,449	675	397
Lincoln	2,987	2,757	1,220	10,849	3,648	2,987
Mark VII	599	406	246	2,167	539	599
GENERAL MOTORS	67,147	96,930	35,728	302,469	135,217	67,147
Buick Total	11,528	17,871	5,906	58,468	26,415	11,528
Skyhawk	0	1,877	745	4,591	2,668	0
Century	4,484	6,425	2,160	18,961	9,270	4,484
Regal	0	611	556	5,558	835	0
Skylark (X-car)	0	0	0	0	0	0
Somerset/Skylark	2,225	2,295	953	9,184	2,832	2,225
LeSabre (fwd)	2,110	1,164	1,249	10,113	3,005	2,110
LeSabre/Electra (rwd)	0	253	152	1,224	395	0
Electra(fwd)	1,841	4,934	719	6,179	6,717	1,841
Riviera	868	312	372	2,658	693	868
Cadillac Total	6,661	4,582	2,918	26,227	6,784	6,661
Cimarron	548	387	141	1,179	624	548
Allante	33	0	16	53	0	33
Brougham (rwd)	1,680	345	1,599	5,041	433	1,680
DeVille (fwd)	2,759	3,285	478	15,052	4,462	2,759
Eldorado	631	316	264	2,609	749	631
Seville	1,010	249	420	2,293	516	1,010
Chevrolet Total	21,562	35,424	12,015	98,387	47,914	21,562
Chevette	0	2,843	920	9,040	3,877	0
Camaro	0	4,911	1,283	8,141	6,874	0
Cavalier	7,074	9,850	3,476	25,857	13,311	7,074
Celebrity	8,515	6,697	2,646	20,869	8,474	8,515
Citation	0	0	0	0	0	0
Corsica/Beretta	3,495	0	791	8,109	0	3,495
Monte Carlo	398	2,679	647	6,327	3,827	398
Chevrolet	1,440	8,444	1,993	17,833	11,551	1,440
Corvette	640	0	259	2,211	0	640
Oldsmobile Total	14,072	23,332	6,572	58,296	32,477	14,072
Firenza	0	1,048	363	1,890	1,446	0
Calais	2,575	3,183	1,008	9,835	4,157	2,575
Cutlass Ciera	4,245	6,896	1,842	15,453	11,216	4,245
Cutlass Supreme	0	4,357	345	3,817	5,197	0
88 (fwd)	4,864	3,939	1,707	15,889	5,270	4,864
88 (rwd)	480	952	74	1,415	1,077	480
Olds 98	1,287	2,731	948	8,090	3,620	1,287
Toronado	621	226	285	1,907	494	621
Pontiac Total	13,324	15,721	7,317	61,091	21,627	13,324
Acadian*	0	210	45	1,931	9	0
Fiero	0	0	674	6,034	0	0
1000	0	529	192	0	781	0
Firebird	0	2,701	749	4,820	3,684	0
2000 Sunbird	2,818	2,791	924	6,296	4,328	2,818
Grand Am	5,210	4,443	2,079	19,470	5,585	5,210
6000	1,896	2,362	1,096	9,702	3,493	1,896
Bonneville	3,400	0	1,408	11,564	0	3,400
Safari/Parisienne	0	2,685	150	1,274	3,747	0
HONDA	7,079	3,572	1,904	21,734	5,140	7,079
Civic	2,599	0	377	5,283	0	2,599
Accord	4,480	3,572	1,527	16,451	5,140	4,480
NISSAN	2,920	1,886	1,180	9,906	3,493	2,920
NUMMI	4,200	1,900	1,474	15,146	2,300	4,200
Corolla	1,100	0	425	3,637	0	1,100
Nova	3,100	1,900	1,049	11,509	2,300	3,100
VOLKSWAGEN	0	2,304	813	4,862	3,201	0
Golf/GTI	0	2,304	713	3,862	3,201	0
Jetta	0	0	100	1,000	0	0
Total Cars, U.S.	147,166	173,542	66,909	586,025	235,820	147,166
Total Cars, Canada	17,158	18,979	9,360	82,894	25,205	17,158
N. American Cars	164,324	192,521	76,269	668,919	261,025	164,324
N. American Trucks	91,764	88,021	34,154	281,717	124,088	91,764
North American Cars and Trucks	256,088	280,542	110,423	950,636	385,113	256,088

*—All Acadians are built for sale in Canada.
Monthly estimates may contain error of one or two units due to rounding.

NHTSA told to fine-tune operations

By Helen Kahn
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — Recommendations to improve NHTSA operations have been made by the Department of Transportation Safety Task Force.

Suggestions for "fine-tuning" NHTSA's work include:

- Changing the language now required in safety-related defect recall letters to make it simpler and more comprehensible.
- Trying to reduce the response time to legal petitions for reconsideration to meet the 120-day requirement.
- Speeding up the continuing review of the headlighting requirements of Standard 108.
- Reviewing other federal standards where there is technological development to ensure that use of new designs is not inhibited.
- Maintaining an active enforcement presence by ensuring testing for as many of the safety standards as possible.
- Making sure that the agency's research and development program provides direct support for setting standards.
- Revising the agency's National Accident Sampling System to provide more useful data on vehicle crashworthiness.
- Reconsidering periodically which state programs are most effective in reducing accidents, injuries and deaths and then focusing state grants under the 1966 Highway Safety Act on those areas.

The Task Force concluded generally that NHTSA is serving the public with a highly professional staff.

Ford to repair imported trucks

WASHINGTON — Ford Motor Co. has told the Center for Auto Safety it will repair blown head gaskets on any Mazda-built 1.8-liter or 2.0-liter engine used in Ford Courier trucks it formerly imported.

But the company denied there is a problem with all 1978-82 Couriers. Ford said 54 percent of the trucks were equipped with Ford-built 2.3-liter engines.

In a letter to Ford Chairman Donald E. Petersen, the Center for Auto Safety had criticized Ford for not compensating owners for engine defects. The center said 345,000 1978-1983 Couriers are "mechanically identical" to Mazda's 1978-84 B-2000 trucks.

Last year, under pressure from the center, Mazda voluntarily recalled those trucks. Mazda agreed to a 6-year/60,000-mile warranty on the head gaskets, reimbursement for owners who already had had their engines repaired, notification of owners by first-class mail and a one-year period to make claims for past repairs.

John P. King, service engineering office manager, Ford Parts and Service Division, said the company imported only 330,000 trucks during the 1978-82 model model years, not the 345,000 claimed by the center. Also, no trucks were imported during the 1983 model year, he said. Moreover, only 46 percent of them had Mazda-built engines, he said.

— Helen Kahn